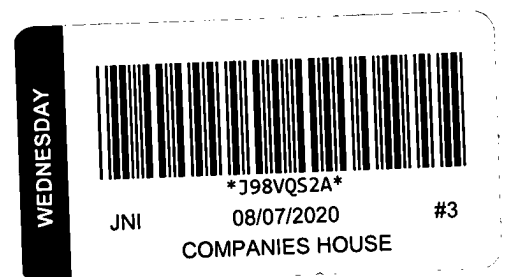


Company Number: NI049166

**MetaCompliance Limited**  
**Reports and Financial Statements**  
**for the financial year ended 31 March 2020**

**Quarter**  
**Chartered Accountants and Statutory Auditors**  
**St Anne's House**  
**15 Church Street**  
**Cathedral Quarter**  
**Belfast**  
**BT1 1PG**



# MetaCompliance Limited

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**MetaCompliance Limited**  
**DIRECTORS AND OTHER INFORMATION**

<b>Directors</b>	Robert O'Brien Judith O'Brien Eamonn Jennings James MacKay Brendan Matthews David MacKay
<b>Company Secretary</b>	James MacKay
<b>Company Number</b>	NI049166
<b>Registered Office and Business Address</b>	3rd Floor Old City Factory 100 Patrick Street Derry Co. Derry BT48 7EL
<b>Auditors</b>	Quarter Chartered Accountants and Statutory Auditors St Anne's House 15 Church Street Cathedral Quarter Belfast BT1 1PG
<b>Bankers</b>	Ulster Bank 11-16 Donegall Square East Belfast BT1 5UB
<b>Solicitors</b>	Tughans Marlborough House 30 Victoria Street Belfast BT1 3GG

# MetaCompliance Limited

## STRATEGIC REPORT

for the financial year ended 31 March 2020

### Review of the Company's Business

MetaCompliance has been developing software and content for the Cybersecurity and Compliance market since 2005. MetaCompliance is an industry recognised leader for staff-based education and risk mitigation in the area of Cybersecurity and Compliance. The Company offer a one-stop-shop management solution that resides within the MyCompliance Cloud platform. The platform provides customers with a fully integrated suite of compliance capabilities which includes Processing Activity Assessments, Risk Management, Task Management, Policy Management, Incident Management, Simulated Phishing and eLearning. The platform also offers management dashboards and detailed reporting allowing Privacy, Cyber and Compliance professionals to easily track implementation progress and demonstrate ongoing accountability.

The company operates primarily from Derry but also has regional bases in London, Birmingham, Dublin and Atlanta. As the Cyber Security market grows, MetaCompliance has been able to gain market share in a highly competitive environment.

### Principal Risks and Uncertainties

#### Constraints to Growth

The economic impact of Covid-19 will have a negative effect on revenue growth over the next 12 months. The Company has reduced costs to reflect the lower anticipated revenue from new and existing customers. The Directors continue to assess the impact of Covid-19 on a regular basis.

The implications of Brexit cause some concern for the company. To prepare for these uncertainties, MetaCompliance have incorporated in Republic of Ireland and the USA.

#### Competitive Headwinds

MetaCompliance has significant competition in North America. These companies continue to heavily invest in marketing activities. This combines with their ability to undercut pricing remains a constant challenge.

#### Competition for Employees

MetaCompliance experience two separate pressures on its employee recruitment and retention. The first is inward investment that will typically target existing local companies for experienced employees. The second has arisen due to the shortage of technical talent in the local labour market.

#### Ability to Attract Senior Employees

MetaCompliance has a vibrant young workforce. However, as the IT security and SaaS industry in the North West of Ireland is virtually non-existent, there is a shortage of Senior Managers with suitable experience. It takes significantly longer to obtain a list of potential candidates. Therefore, senior appointments can remain open for over 6 months.

### Development and Performance

The Company has operated profitably this year and continues to reinvest profits into its growth strategy. The Directors believe that the opportunity for growth in the next 12 months will be minimal.

Key observations in relation to the recent trading performance of MetaCompliance include:

1. A change of revenue recognition policy in 2019 that moved from ARR to MRR.
2. Sales continue to grow in excess of 50% and exceed market expectations.
3. Continued investment in sales and marketing activities to generate revenue.
4. Sales and Marketing efforts increased in Europe and USA.
5. Significant investment in research and development activities has led to increase in customers and enhanced user experience. The Company has committed to furthering product development with R&D costs for 2020 in excess £1.5m (2019: £1.2m).
6. The investment activities are directly related to the Company's ability to fund growth. Over the past three financial years, the company has re-invested profits while maintaining financial stability.
7. With the agreement of shareholders, the Directors continue to forego profit distribution to enable growth.

### Financial Key Performance Indicators

The company's key performance indicators are as follows;

1. Customer acquisition in new export markets; 286 new customers
2. Customer retention; 461 customers retained
3. Driving efficiency and managing costs; the company has made profit in 2020
4. Investment in Creation of Intellectual Property (IP) - £1.5m (2019: £1.2m)
5. Maximising shareholder return; shareholder funds grown by £681k

# MetaCompliance Limited STRATEGIC REPORT

for the financial year ended 31 March 2020

## Corporate Social Responsibility

MetaCompliance social responsibility falls under two categories: compliance and proactiveness. Compliance refers to the Company's commitment to legality and willingness to observe community values. Proactiveness is every initiative to promote human rights, help communities and protect the natural environment. The Company have sponsored Foyle Hospice through payroll and hold a number of fundraising events during the year.

## People

MetaCompliance currently operate from 7,000 square foot 'state of the art' premises in Patrick Street Derry. The office has capacity for 133 staff with further office space available. The year ended 31 March 2020 has been transformational for MetaCompliance financial plans and sales targets have been exceeded. Employee numbers have grown to 120 at year end 31 March 2020 (2019 109).

With its entrepreneurial and innovative vision, MetaCompliance plan to exploit the Company's market opportunities by making a significant investment in its employees. This strategy, which is set to achieve growth in sales revenue, profitability and employment will involve the recruitment of 60 new employees by March 2022. This would bring employees numbers to 180.

As well as enhancing employee training and development, employees also benefited from several new initiatives;

- Health Cash Plan,
- Increased Pension Contributions,
- Employee Share Programme,
- Internal Promotions.

## Research and Development

The MetaCompliance development team determine markets based on what customers want and by being ahead of these needs in terms of innovation. MetaCompliance is in a growing sector of the IT Market that will see the company grow to many times its current size and possibly become one of the largest indigenous Northern Irish Software Companies. Localisation is an important component of the Company's future sales strategy as multi-national customers all expect content to be translated into up to ten different languages. Furthermore, higher value customers all expect to have content available in an extended range of different languages.

On behalf of the board



James MacKay  
Director



Robert O'Brien  
Director

Date: 29/06/2020

# MetaCompliance Limited

## DIRECTORS' REPORT

for the financial year ended 31 March 2020

The directors present their report and the audited financial statements for the financial year ended 31 March 2020.

### Principal Activity

The principal activity of the company is providing all manner of IT services and associated activities.

### Results and Dividends

The profit/(loss) for the financial year after providing for depreciation and taxation amounted to £680,703 (2019 - £(245,404)).

The directors do not recommend payment of a dividend.

### Directors

The directors who served during the financial year are as follows:

Robert O'Brien  
Judith O'Brien  
Eamonn Jennings  
James MacKay  
Brendan Matthews  
David MacKay

### Post Statement of Financial Position Events

There have been no significant events affecting the company since the financial year-end.

### Charitable and political contributions

The company did not make any disclosable political donations in the current financial year.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditors

The auditors, Quarter, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

**MetaCompliance Limited**  
**DIRECTORS' REPORT**  
for the financial year ended 31 March 2020

On behalf of the board



James MacKay  
Director



Robert O'Brien  
Director

Date: 29/06/2020

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Shareholders of MetaCompliance Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of MetaCompliance Limited ('the company') for the financial year ended 31 March 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. 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, when reporting in accordance with a fair presentation framework the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit and cash flows for the financial 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 company in accordance with 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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. 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.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Shareholders of MetaCompliance Limited**

### **Responsibilities of directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Further information regarding the scope of our responsibilities as auditor**

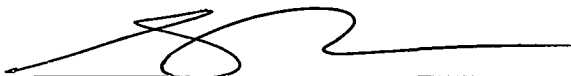
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **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.



**Gary McErlean (Senior Statutory Auditor)**

for and on behalf of

**QUARTER**

Chartered Accountants and Statutory Auditors

St Anne's House

15 Church Street

Cathedral Quarter

Belfast

BT1 1PG

**29 June 2020**

**MetaCompliance Limited**  
**INCOME STATEMENT**

for the financial year ended 31 March 2020

	Notes	2020 £	2019 £
<b>Revenue</b>	<b>5</b>	<b>6,858,561</b>	4,310,554
Cost of sales		<u>(844,951)</u>	<u>(689,760)</u>
<b>Gross profit</b>		<b>6,013,610</b>	3,620,794
Administrative expenses		<u>(5,615,950)</u>	<u>(4,431,408)</u>
Other operating income		<u>290,798</u>	<u>380,582</u>
<b>Operating profit/(loss)</b>	<b>6</b>	<b>688,458</b>	(430,032)
Finance costs	<b>7</b>	<u>(7,917)</u>	<u>(25,978)</u>
<b>Profit/(loss) before taxation</b>		<b>680,541</b>	(456,010)
Tax on profit/(loss)	<b>9</b>	<u>162</u>	<u>210,606</u>
<b>Profit/(loss) for the financial year</b>	<b>21</b>	<b>680,703</b>	(245,404)
<b>Total comprehensive income</b>		<u><b>680,703</b></u>	<u>(245,404)</u>

**MetaCompliance Limited**

Company Number: NI049166

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2020

	Notes	2020 £	2019 £
<b>Non-Current Assets</b>			
Intangible assets	10	4,427,456	3,212,769
Property, plant and equipment	11	71,396	52,983
Financial assets	12	10	10
		<u>4,498,862</u>	<u>3,265,762</u>
<b>Current Assets</b>			
Receivables	13	3,416,091	3,140,792
Cash and cash equivalents		2,304,868	2,407,940
		<u>5,720,959</u>	<u>5,548,732</u>
Payables: Amounts falling due within one year	14	(4,072,374)	(5,096,854)
<b>Net Current Assets</b>		<u>1,648,585</u>	<u>451,878</u>
<b>Total Assets less Current Liabilities</b>		<u>6,147,447</u>	<u>3,717,640</u>
<b>Payables</b>			
Amounts falling due after more than one year	15	(3,584,190)	(1,931,401)
Provisions for liabilities	17	(23,801)	-
Government grants and RDEC tax credit	19	(172,086)	(99,572)
<b>Net Assets</b>		<u>2,367,370</u>	<u>1,686,667</u>
<b>Equity</b>			
Called up share capital	20	700,002	700,002
Share premium account	21	900,000	900,000
Income statement		767,368	86,665
<b>Equity attributable to owners of the company</b>		<u>2,367,370</u>	<u>1,686,667</u>

Approved by the Board and authorised for issue on 29 June 2020 and signed on its behalf by

James MacKay  
DirectorRobert O'Brien  
Director

**MetaCompliance Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
as at 31 March 2020

	Share capital £	Share premium account £	Retained earnings £	Total £
<b>At 1 April 2018</b>	700,002	900,000	332,069	1,932,071
Loss for the financial year	-	-	(245,404)	(245,404)
<b>At 31 March 2019</b>	700,002	900,000	86,665	1,686,667
Profit for the financial year	-	-	680,703	680,703
<b>At 31 March 2020</b>	<b>700,002</b>	<b>900,000</b>	<b>767,368</b>	<b>2,367,370</b>

**MetaCompliance Limited**  
**STATEMENT OF CASH FLOWS**

for the financial year ended 31 March 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Profit/(loss) for the financial year		680,703	(245,404)
Adjustments for:			
Finance costs		7,917	25,978
Tax on profit/(loss) on ordinary activities		(162)	(210,606)
Depreciation		615,151	424,313
Amortisation of government grants and RDEC tax credit		(116,572)	(32,970)
		<u>1,187,037</u>	<u>(38,689)</u>
Movements in working capital:			
Movement in receivables		(765,550)	(430,371)
Movement in payables		1,146,945	2,403,707
		<u>1,568,432</u>	<u>1,953,647</u>
Cash generated from operations		1,568,432	1,953,647
Interest paid		(7,917)	(25,978)
Tax paid		(18,636)	(4,569)
Tax repaid		605,994	-
		<u>2,147,873</u>	<u>1,904,100</u>
Net cash generated from operating activities		2,147,873	1,904,100
<b>Cash flows from investing activities</b>			
Payments to acquire intangible assets		(1,786,050)	(1,189,006)
Payments to acquire property, plant and equipment		(62,201)	(13,091)
Payments on acquisition of group interests		-	(2)
		<u>(1,848,251)</u>	<u>(1,202,099)</u>
Net cash used in investment activities		(1,848,251)	(1,202,099)
<b>Cash flows from financing activities</b>			
New long-term loan		-	500,000
Repayment of short-term loan		(500,000)	-
Movement in funding to subsidiaries/group companies		6,304	(70,405)
Deferred income Government grant increase		91,002	33,632
		<u>(402,694)</u>	<u>463,227</u>
Net cash (used in)/generated from financing activities		(402,694)	463,227
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(103,072)</b>	<b>1,165,228</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>2,407,940</b>	<b>1,242,712</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>25</b>	<b><u>2,304,868</u></b>	<b><u>2,407,940</u></b>

# MetaCompliance Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

### 1. GENERAL INFORMATION

MetaCompliance Limited is a company limited by shares incorporated in the United Kingdom. 3rd Floor, Old City Factory, 100 Patrick Street, Derry, Co. Derry, BT48 7EL is the registered office, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Statement of compliance

The financial statements of the company for the year ended 31 March 2020 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006. These are the company's first set of financial statements prepared in accordance with FRS 102

#### Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### Consolidated accounts

The company is entitled to the exemption in Section 398 of the Companies Act 2006 from the obligation to prepare group accounts.

#### Revenue

Turnover comprises the invoice value of services provided by the company, exclusive of value added tax. One off services, for example, professional days provided and content creation are recognised when work is completed. Additionally, the company invoices subscriptions on a contract basis over a period of time (per year). The company utilise a MRR (Marginal Revenue Recognition) policy, whereby they recognise income evenly over the duration of a contract on monthly basis. Income is recognised from the date the contract commences.

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Fixtures, fittings and equipment	-	25% straight line
----------------------------------	---	-------------------

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

#### Financial assets

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Income from other investments together with any related tax credit is recognised in the profit and loss account in the year in which it is receivable.

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

#### Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# MetaCompliance Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 31 March 2020

### Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

### Related parties

For the purposes of these financial statements a party is considered to be related to the company if:

- the party has the ability, directly or indirectly, through one or more intermediaries to control the company or exercise significant influence over the company in making financial and operating policy decisions or has joint control over the company;
- the company and the party are subject to common control;
- the party is an associate of the company or forms part of a joint venture with the company;
- the party is a member of key management personnel of the company or the company's parent, or a close family member of such as an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to above or is an entity under the control or significant influence of such individuals; or
- the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the company.

### Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

### Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### Government grants and RDEC tax credit

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

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for the financial year ended 31 March 2020

**Pensions**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Annual contributions payable to the company's pension scheme are charged to the Income Statement in the period to which they relate.

**Research and development**

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over a 10 year period once the development has been completed.

**Ordinary share capital**

The ordinary share capital of the company is presented as equity.

**3. LIABILITY LIMITATION AGREEMENT**

The limitation of the firm's liability for this engagement, which is capped at five times the amount of professional fees actually paid, is referenced in the letter of engagement dated 15th April 2020, which was approved on 15th April 2020.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

The directors consider the accounting estimates and assumptions below to be its critical accounting judgements and estimates:

**(a) Critical accounting judgements**

There are no critical judgements in applying the company's accounting policies

**(b) Key accounting estimates and assumptions**

The company deem the below to be its critical judgments and estimates in applying the company's accounting policies:

i) The company has based revenue recognition on services on a straight line basis, with the income being recognised evenly over the months of the contract.

**5. REVENUE**

The revenue for the financial year has been derived from:-

	2020 £	2019 £
UK	4,576,770	3,227,523
Europe	1,453,698	924,422
Rest of the World	828,093	158,609
	<u>6,858,561</u>	<u>4,310,554</u>

Revenue attributable to geographical markets outside the UK amounted to 33% for the financial year.

**6. OPERATING PROFIT/(LOSS)**

	2020 £	2019 £
<b>Operating profit/(loss) is stated after charging/(crediting):</b>		
Amortisation of intangible assets	571,363	392,758
Depreciation of property, plant and equipment	43,788	31,555
Research and development		
(Profit)/loss on foreign currencies	(55,461)	29,632
Auditor's remuneration		
- audit services	19,950	10,500
Government grants and RDEC tax credit received	(174,226)	(347,612)
Amortisation of Government grants and RDEC tax credit	(18,488)	(8,923)
	<u>                    </u>	<u>                    </u>

**7. FINANCE COSTS**

	2020 £	2019 £
On bank loans, directors loans and overdrafts	7,917	25,978
	<u>                    </u>	<u>                    </u>

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 March 2020

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**8. EMPLOYEES AND REMUNERATION**

**Number of employees**

The average number of persons employed (including executive directors) during the financial year was as follows:

	<b>2020</b>	2019
	<b>Number</b>	Number
Number of Employees	<b>112</b>	98

The staff costs (inclusive of directors' salaries) comprise:

	<b>2020</b>	2019
	<b>£</b>	£
Wages and salaries	<b>3,029,302</b>	2,425,440
Social security costs	<b>311,388</b>	253,387
Pension costs	<b>213,322</b>	41,416
	<b>3,554,012</b>	2,720,243

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 31 March 2020

**9. TAX ON PROFIT/(LOSS)**

	2020 £	2019 £
<b>(a) Analysis of charge in the financial year</b>		
<b>Current tax:</b>		
Corporation tax at 19.00% (2019 - 19.00%)	(242,834)	(316,113)
Tax credit	18,636	4,569
Under/over provision in prior year	3,524	(8,985)
Total current tax	<u>(220,674)</u>	<u>(320,529)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	220,512	109,923
Total deferred tax	<u>220,512</u>	<u>109,923</u>
Tax on profit (Note 9 (b))	<u>(162)</u>	<u>(210,606)</u>

**(b) Factors affecting tax charge for the financial year**

The tax assessed for the financial year differs from the standard rate of corporation tax in the UK 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) taxable at 19.00%	<u>680,541</u>	<u>(456,010)</u>
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK at 19.00% (2019 - 19.00%)	129,303	(86,642)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	509	16,470
Depreciation in excess of capital allowances for period	105,061	78,132
Deferred tax	220,512	109,923
Taxation on government grants deferred	13,778	4,695
Allowable Development Costs	(150,172)	(12,655)
Enhanced R&D Relief	(341,313)	(316,113)
Notional tax charge	18,636	4,569
Adjustment to tax charge in respect of previous periods	3,524	(8,985)
Total tax charge for the financial year (Note 9 (a))	<u>(162)</u>	<u>(210,606)</u>

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 March 2020

continued

**10. INTANGIBLE FIXED ASSETS**

	Development Costs £	Total £
<b>Cost</b>		
At 1 April 2019	3,927,580	3,927,580
Additions	1,786,050	1,786,050
At 31 March 2020	<u>5,713,630</u>	<u>5,713,630</u>
<b>Amortisation</b>		
At 1 April 2019	74,811	74,811
Charge for financial year	571,363	571,363
At 31 March 2020	<u>1,286,174</u>	<u>1,286,174</u>
<b>Carrying amount</b>		
At 31 March 2020	<u><u>4,427,456</u></u>	<u><u>4,427,456</u></u>
At 31 March 2019	<u><u>3,212,769</u></u>	<u><u>3,212,769</u></u>

**11. PROPERTY, PLANT AND EQUIPMENT**

	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
At 1 April 2019	187,036	187,036
Additions	62,201	62,201
At 31 March 2020	<u>249,237</u>	<u>249,237</u>
<b>Depreciation</b>		
At 1 April 2019	134,053	134,053
Charge for the financial year	43,788	43,788
At 31 March 2020	<u>177,841</u>	<u>177,841</u>
<b>Carrying amount</b>		
At 31 March 2020	<u><u>71,396</u></u>	<u><u>71,396</u></u>
At 31 March 2019	<u><u>52,983</u></u>	<u><u>52,983</u></u>

**12. FINANCIAL FIXED ASSETS**

	Subsidiary undertakings shares £	Total £
<b>Investments</b>		
<b>Cost</b>		
At 31 March 2020	<u>10</u>	<u>10</u>
<b>Carrying amount</b>		
At 31 March 2020	<u><u>10</u></u>	<u><u>10</u></u>
At 31 March 2019	<u><u>10</u></u>	<u><u>10</u></u>

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

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for the financial year ended 31 March 2020

**12.1. Holdings in related undertakings**

The company holds 20% or more of the share capital of the following companies:

Name	Country of incorporation	Nature of business	Details of investment	Proportion held by company
<b>Subsidiary undertaking</b> MetaCompliance Inc.	WeWork 1175 Peachtree St Ne Atlanta GA 30361 USA	IT services	Ordinary	100%
MetaCompliance Ireland Ltd	Unit 21, Block 1 Port Tunnel Business Park Clonshaugh Business and Technology Park Clonshaugh Dublin 17 D17 YY31	IT Services	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Year ended	Capital and reserves £	Profit for the year £
MetaCompliance Inc.	31 December 2019	(21,138)	(14,897)
MetaCompliance Ireland Ltd	31 December 2019	2	-
		<u>                    </u>	<u>                    </u>

In the opinion of the directors, the value to the company of the unlisted investments is not materially less than the book amount shown above.

**13. RECEIVABLES**

	2020 £	2019 £
Trade receivables	2,439,951	1,732,590
Amounts owed by group companies	104,003	110,307
Deferred tax asset	-	196,711
Taxation (Note 16)	322,282	609,518
Prepayments and accrued income	549,855	491,666
	<u>3,416,091</u>	<u>3,140,792</u>

Amounts falling due after more than one year and included in receivables are:

	2020 £	2019 £
Deferred tax asset	-	196,711
	<u>                    </u>	<u>                    </u>

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 March 2020

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14. PAYABLES	2020	2019
Amounts falling due within one year	£	£
Bank loan	-	92,609
Trade payables	322,574	256,314
Taxation (Note 16)	602,761	299,695
Directors' current accounts (Note 23)	-	500,000
Other creditors	32,166	21,109
Accruals and deferred income:		
Pension accrual	68,361	13,391
Other accruals	3,046,512	3,913,736
	<u>4,072,374</u>	<u>5,096,854</u>

**SECURITY**

All security provided to Ulster Bank Limited in prior year was satisfied on 14th January 2020.

15. PAYABLES	2020	2019
Amounts falling due after more than one year	£	£
Bank loan	-	407,391
Accrued expenditure	3,584,190	1,524,010
	<u>3,584,190</u>	<u>1,931,401</u>

**Loans**

Repayable in one year or less, or on demand (Note 14)	-	92,609
Repayable between one and two years	-	96,143
Repayable between two and five years	-	311,248
	<u>-</u>	<u>500,000</u>

16. TAXATION	2020	2019
	£	£
<b>Receivables:</b>		
Corporation tax	322,282	609,518
<b>Payables:</b>		
VAT	469,319	206,949
PAYE / NI	133,442	92,746
	<u>602,761</u>	<u>299,695</u>

**17. PROVISIONS FOR LIABILITIES**

The amounts provided for deferred taxation are analysed below:

	Other differences	Total	Total
	£	2020 £	2019 £
At financial year start	-	-	-
Charged to profit and loss	23,801	23,801	-
At financial year end	<u>23,801</u>	<u>23,801</u>	<u>-</u>

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

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for the financial year ended 31 March 2020

**18. PENSION COSTS - DEFINED CONTRIBUTION**

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £213,322 (2019 - £41,416 ).

**19. GOVERNMENT GRANTS DEFERRED**

	<b>2020</b>	<b>2019</b>
	£	£
<b>Capital grants received and receivable</b>		
At 1 April 2019	<b>122,858</b>	89,226
Increase in financial year	<b>91,002</b>	33,632
	<hr/>	<hr/>
At 31 March 2020	<b>213,860</b>	122,858
	<hr/>	<hr/>
<b>Amortisation</b>		
At 1 April 2019	<b>(23,286)</b>	(14,363)
Amortised in financial year	<b>(18,488)</b>	(8,923)
	<hr/>	<hr/>
At 31 March 2020	<b>(41,774)</b>	(23,286)
	<hr/>	<hr/>
<b>Carrying amount</b>		
At 31 March 2020	<b>172,086</b>	99,572
	<hr/>	<hr/>
At 1 April 2019	<b>99,572</b>	74,863
	<hr/>	<hr/>

**20. SHARE CAPITAL**

			<b>2020</b>	<b>2019</b>
			£	£
<b>Description</b>	<b>Number of shares</b>	<b>Value of units</b>		
<b>Allotted, called up and fully paid</b>				
Ordinary Share Class A	268,903	£1 each	<b>268,903</b>	268,903
Ordinary Share Class B	431,099	£1 each	<b>431,099</b>	431,099
			<hr/>	<hr/>
			<b>700,002</b>	700,002
			<hr/>	<hr/>

**21. RESERVES**

**Share Premium Reserve**

MetaCompliance Ltd allotted shares on 28/07/2018. The proposal letter was sent out during the financial year ended 31 March 2018 and all shareholders wishing to purchase additional shares were to make payment to MetaCompliance Ltd by 31 March 2018. As the proposal was in place and all applicable shareholders had forwarded funds to company, the share issue, and corresponding share premium account, was reflected in the financial statements for year ended 31 March 2018.

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the financial year ended 31 March 2020

**22. CONTINGENT LIABILITIES**

i. Letter of Offer Dated 27/06/2017

The grant provided was for up to £36,018, based on 46% of vouched and approved expenditure.

Within the letter of offer it states that if an event of default occurs the client shall on demand by Invest NI repay to Invest NI the aggregate sum of all payments of Financial Assistance made to the client in the five year period prior to such event, less any part of the aggregate sum which may have been repaid under any other provision of this letter, or such lesser amount as Invest NI may determine. It is noted the Events of Default includes the following:

- a) the reasonable opinion of Invest NI, the Project has been abandoned
- b) the Client ceases to carry on its business or substantially the whole of its business otherwise than in the reasonable opinion of Invest NI by way of temporary cessation of business
- c) the Client, in the opinion of Invest NI, has permanently discontinued Business Activities at all or any of the Business Premises
- d) any information provided by the Client or any officer of the client to Invest NI in support of the Client's application for the Financial Assistance, or otherwise in connection with the purposes or conditions of this letter, is misleading, incomplete or incorrect in any respect which is Material to Invest NI
- e) the client fails to pay or repay to Invest NI any sum due to Invest NI when it becomes due under this letter or otherwise:
- f) an order is made or a resolution is passed or a petition is presented for the winding-up of the Client or circumstances arise which entitle a court or competent jurisdiction to make a winding-up order of the Client
- g) an order is made for the appointment of an administrator to manage the affairs, business and property of the Client or documents are filed with a court of competent jurisdiction for the appointment of an administrator of the Client or notice of intention to appoint an administrator is given by the Client or its directors or by a qualifying floating charge holder
- h) a receiver is appointed of any of the Client's assets or undertaking or if circumstances arise which entitle a court of competent jurisdiction or a creditor to appoint a receiver or manager of the Client or if any other person takes possession of or sells the Client's assets
- i) the Client proposes or enters into a voluntary arrangement or composition with its creditors or makes any arrangement or composition with its creditors or makes an application to a court of competent jurisdiction for a moratorium seeking protection from its creditors in any way and/or a distress or execution order is levied or if Enforcement of Judgements Office proceedings are commenced against any of the property of the Client or any similar proceedings are commenced in another jurisdiction
- j) the Client becomes bankrupt or where the Client is a partnership any partner in the business becomes bankrupt and/or the Client is unable to pay its debts within the meaning of Article 103 of The Insolvency (Northern Ireland) Order 1989 or any statutory modification or re-enactment thereof
- k) the Client is in breach of any of its obligations under this letter and such breach is incapable of remedy or, if capable of remedy, remains unremedied for a period of 30 days after written notice by Invest NI
- l) control of the Client (being a company) passes to any person or persons (including institutions or companies) either acting individually or in concert where Invest NI has not given prior agreement to the change of control ("control" having the meaning ascribed thereto in relation to a body corporate by Article 4 of the Insolvency (Northern Ireland) Order 1989).

ii. Letter of Offer Dated 31 August 2017 amended on 22 February 2018

The grant provided was for up to £652,000, of which £552,000 is for an employment grant and £100,000 is for a development grant, not exceeding £100,000 of 30% of vouched and approved expenditure.

Within the letter of offer it states that if an event of default occurs the client shall on demand by Invest NI repay to Invest NI the aggregate sum of all payments of Financial Assistance made to the client in the five year period prior to such event, less any part of the aggregate sum which may have been repaid under any other provision of this letter, or such lesser amount as Invest NI may determine, or if the audited employment report shows that the Average Number of Workers employed by the Client on the Project at the Business Premises during the Control Period has been fewer than 82, the Client shall on demand by Invest NI repay to Invest NI the sum calculated in accordance with the following formula or such lesser sum as Invest NI may determine:  $(A \times Y) / 102$  Where A is the aggregate sum of all payments of Financial Assistance made to the client in the five year period commencing January 2018 and Y is the shortfall in the Average Number of Workers employed by the Client on the Project at the Business Premises below 102.

It is noted the Events of Default include the following

- a) - l) - same as conditions in i)
- m) there is a breach of any undertaking to which paragraph 4 refers, namely the Client providing documentary evidence, to the satisfaction of Invest NI, of a signed lease for additional premises in the Derry/Londonderry area.

iii. Letter of offer dated 8 October 2018

The grant was provided for Research and Development, not exceeding £380,750 at a rate of 27% of vouched and approved expenditure as per the provisions. In the event of default, Metacompliance Limited shall on demand by Invest NI repay the aggregate sum of all the payments of Financial Assistance made in the five

**MetaCompliance Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

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for the financial year ended 31 March 2020

year period prior to such an event, less any part of the aggregate sum which may have been repaid under any other provision of the letter, or such lesser amount as Invest NI may derive.

Circumstances that would constitute a default are the same as those set out at a) to l) in i above

iv. Letter of offer of 16 November 2018

The grant was provided for a skills programme grant, not exceeding £80,448 at a rate of 47% of vouched and approved expenditure as per the provisions in the skills growth programme. In the event of a default, Metacompliance Limited shall on demand by Invest NI repay the aggregate sum of all payments of financial assistance made in the five year period prior to such event, less any part of the aggregate sum which may have been repaid under any other provision of the letter, or such lesser amount as Invest NI may determine.

Circumstances that would constitute a default are the same as those set out at a) to l) in i above

<b>23. DIRECTORS' REMUNERATION AND TRANSACTIONS</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>120,359</u>	<u>111,196</u>

In addition to Directors remuneration in the profit and loss as detailed above, a further £385,639 of director's remuneration has been capitalised within Development Costs.

The following amounts are repayable to the directors:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Robert O'Brien	<u>-</u>	<u>500,000</u>

**24. RELATED PARTY TRANSACTIONS**

MetaCompliance Inc.

MetaCompliance Inc. is a wholly owned subsidiary of MetaCompliance Limited.

As at 1 April 2019, MetaCompliance Inc. owed MetaCompliance Ltd £110,307.

During the financial year, MetaCompliance Ltd paid MetaCompliance Inc. £171,189 to or on behalf of MetaCompliance Inc, £177,492 of this was returned to Metacompliance Limited.

As at 31 March 2020 MetaCompliance Inc. owes MetaCompliance Ltd £104,003. This balance is included within amounts owed by group companies.

Baronscourt Technology Ltd

Mr Robert O'Brien and Mrs Judith O'Brien are directors in both MetaCompliance Ltd and Baronscourt Technology Ltd.

During the financial year, Baronscourt Technology Ltd invoiced MetaCompliance Ltd £13,997, inclusive of VAT, for services provided to MetaCompliance Ltd. MetaCompliance Ltd paid Baronscourt Technology Ltd all of the invoiced amounts.

As at 31 March 2020 there was no balance owed between MetaCompliance Ltd and Baronscourt Technology Ltd.

David MacKay Consulting

Mr David MacKay is a director of Metacompliance Limited. During the year, his consultancy business invoiced £39,274 to Metacompliance Limited, £36,074 of which was paid during the year. The remaining balance of £3,200 is included within trade creditors at the year end.

<b>25. CASH AND CASH EQUIVALENTS</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	<u>2,304,868</u>	<u>2,407,940</u>

**MetaCompliance Limited****NOTES TO THE FINANCIAL STATEMENTS**

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for the financial year ended 31 March 2020

**26 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Opening balance	Cash flows	Acquisition	Other changes	Closing balance
	£	£	£	£	£
Long-term borrowings	(407,391)	-	-	407,391	-
Short-term borrowings	17,698	500,000	(6,304)	(407,391)	104,003
<b>Total liabilities from financing activities</b>	<b>(389,693)</b>	<b>500,000</b>	<b>(6,304)</b>	<b>-</b>	<b>104,003</b>