

SecureCloud+ Limited

Registered number: 07976189

Annual report and financial statements

For the year ended 31 March 2023



SECURECLOUD+ LIMITED

COMPANY INFORMATION

Directors	P R Williamson R Sinhal B Duncan (resigned 27 April 2022) General, the Lord Houghton (appointed 1 April 2022) J Hendry (appointed 28 April 2022)
Registered number	07976189
Registered office	5th Floor, Greyfriars House 30 Greyfriars Road Reading RG1 1PE
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW

SECURECLOUD+ LIMITED

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SECURECLOUD+ LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The principal activities of the business are the provision of information systems to deliver Secure Defence Collaboration (SDC) and Data Driven Decision Making (D³M) to Government Departments involved in defence and national security; either directly or through the wider defence and space industry, the major equipment manufacturers and Government Systems Integrators.

Business review

Key Achievements:

- Revenues from contracted managed services in FY22/23 grew by £4.67M and 73.2% due to our focus on our customer propositions and because manpower substitutions into a large telco came to a planned end. Overall revenues grew by £2.11M (19.0%) to £13.14M.
- Nine new multi-year contracts for managed services were signed, and two existing contracts were extended with Defence, Secure Government and civil nuclear customers.
- A multi-year contract was signed with FCDO Services in February to deliver SDC managed services supporting an international defence collaboration solution.
- The Company secured a substantial extension to an existing major contract to deliver an innovative and valuable capability to the MOD Future Combat Air System Programme. In addition, the SDC backbone of the CASnet (Combat Air Secure Network) was re-accredited under NCSC Secure by Design (SbD) principles.
- The D³M analytics that we have invested in and developed as a part of 3 separate projects have drawn widespread interest across Defence.

Financial key performance indicators

Revenues in the Financial Year grew by 19% (£11M to £13.1M). Revenues are expected to grow substantially in FY23/24 to c£20M supported by multi-year contracts secured in FY22/23. Gross margin moved from 58.8% in FY21/22 to 71.0% in FY22/23, which reflects a re-focus on a core managed services delivery model, the end of manpower substitutions of secured cleared resources and influenced by larger and longer multi-year commitments. As expected, overheads (excluding depreciation charges) for the year grew by 39.7% to £6.97M (FY22/23 £4.99M) to support the increase in revenues and growth of the order book.

This year, due to the focus on our core managed service propositions and our close management of costs in FY22/23 we achieved an EBITDA of £2.35M (£1.5M in the prior year), representing an increase of 56.7% on last year. The Balance Sheet for FY22/23 shows healthy reserves with Net Assets at £5.25M (FY21/22 £3.89M).

Governance

Over the past 12 months, the Board of Directors has been focused on streamlining the marketing and product strategies, workforce planning to meet expected growth, operational demands and customer needs; all of which will inform our investment strategy and funding plans for the future. The focus on quality, financial governance and information security will remain and there will be an increased focus on talent acquisition, skills development and career progression to meet the demands of the new product offerings which we will announce and bring to market this year and continue to deliver as highly valued, repeatable managed services over subsequent years.

Although the Company will continue to make its contracted (monthly) and statutory (annually) financial reports, our growth in long-term contracted business enables us to model the finances of the business over a longer 24-month rolling window. This will give us the ability to make investments which mirror the length of the buying cycles of the customer and reflect our strategic vision.

SECURECLOUD+ LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Governance (continued)

The Board expects that the investments that we continue to make in our HYDROGEN platform will enable us to bring new services to market more quickly. This will result in faster delivery of pre-configured systems to meet the Defence customers' capability demands earlier and more cost-effectively. It will also lower the costs of selling, delivery, and ongoing support with resulting savings for the capability consumers. We expect to see the first benefits of the HYDROGEN platform delivered within the horizon of the Financial Year.

Risk factors

Despite CASnet having an interim accreditation under NCSC SbD principles, the interpretation by MOD Cyber Defence and Resilience (CyDR) may differ in delivery requirements as the new standards are released.

Delays in contract award and purchase orders commitments from Govt customers may be caused by a shortage of commercial and procurement staff across MOD.

The market for suitably skilled, experienced, qualified and security cleared resources to support our growth is narrow and highly competitive and geographical concentration of the required resource may not always align with our current office locations. This may constrain our ability to meet our growth targets at the required pace.

Despite significant growth in the contracted sales order book, ongoing congestion in the supply chain for security products and other semiconductor/microchip dependent hardware may continue to affect the ability to deliver a corresponding growth in FY revenues.

A weak pound coupled with inflationary pressures in both Europe and North America has resulted in significant cost increases in the products provided through the supply chain. Whilst these are mitigated somewhat in revised pricing for our customers, this could impact gross margins in future periods.

Investments

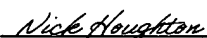
The Company expects to continue its investments in development of new propositions to solve real challenges faced by the Defence customers. These will include innovations to; secure Intellectual Property, enable enhanced data-driven decision making and technologies to provide faster deployment for our customers.

Future developments

We enter the new financial year in a good position from a business perspective and we have excellent support from our equity and debt funders to build on the growth achieved in FY23/24.

We have access to facilities of over £5M to support future growth.

This report was approved by the board and signed on its behalf.


Nick Houghton (Jul 25, 2023 08:15 GMT+1)

Lord Houghton
Chairman

Date: Jul 25, 2023

SECURECLOUD+ LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,362,155 (2022 - £793,750).

Dividends of £Nil (2022 - £Nil) were paid during the year.

Directors

The Directors who served during the year were:

P R Williamson
R Sinhal
B Duncan (resigned 27 April 2022)
General, the Lord Houghton (appointed 1 April 2022)
J Hendry (appointed 28 April 2022)

Future developments

Details of future developments can be found in the strategic report on page 2 and form part of this report by cross-reference.

SECURECLOUD+ LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, Covid 19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

SecureCloud+ Limited continues to work with its partners to minimise any impact of these events and maximise the realisation of any opportunities they may provide to the business.

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors.

Disclosure of information to auditor


Each of the persons who are Directors at the time when this directors' report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


Peter Williamson (Jul 24, 2023 10:16 GMT+1)

P R Williamson
Director

Date: Jul 24, 2023

SECURECLOUD+ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURECLOUD+ LIMITED

Opinion

We have audited the financial statements of SecureCloud+ Limited (the 'Company') for the year ended 31 March 2023 which comprise the profit and loss account, the balance sheet, the statement of cash flows, the statement of changes in equity, analysis of net debt and notes to the financial statements, including a summary of 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 Company's affairs as at 31 March 2023 and of its profit 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 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 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.

SECURECLOUD+ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURECLOUD+ LIMITED

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 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 light of the 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 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, or returns adequate for our audit have not been received from branches not visited by us; 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 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 intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURECLOUD+ LIMITED

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion subject to your revenue recognition significant fraud risk) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

SECURECLOUD+ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURECLOUD+ LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Alistair Wesson (Jul 25, 2023 08:17 GMT+1)

Alistair Wesson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: Jul 25, 2023

SECURECLOUD+ LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	13,135,524	11,034,739
Cost of sales		(3,807,565)	(4,550,565)
Gross profit		<u>9,327,959</u>	<u>6,484,174</u>
Administrative expenses		(8,140,272)	(5,647,461)
Operating profit	5	<u>1,187,687</u>	<u>836,713</u>
Interest receivable and similar income	9	18,340	8,942
Interest payable and similar expenses	10	(251,203)	(137,330)
Profit before tax		<u>954,824</u>	<u>708,325</u>
Tax on profit	11	407,331	85,425
Profit for the financial year		<u><u>1,362,155</u></u>	<u><u>793,750</u></u>


The notes on pages 14 to 29 form part of these financial statements.

SECURECLOUD+ LIMITED
REGISTERED NUMBER: 07976189

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	3,737	3,806
Tangible assets	13	6,633,425	2,423,395
		<u>6,637,162</u>	<u>2,427,201</u>
Current assets			
Debtors: Amounts falling due after more than one year	14	511,234	511,168
Debtors: Amounts falling due within one year	14	5,256,817	5,090,854
Cash at bank and in hand		6,131,656	1,514,871
		<u>11,899,707</u>	<u>7,116,893</u>
Creditors: Amounts falling due within one year	15	(11,950,282)	(3,391,000)
Net current (liabilities)/assets		<u>(50,575)</u>	<u>3,725,893</u>
Total assets less current liabilities		<u>6,586,587</u>	<u>6,153,094</u>
Creditors: Amounts falling due after more than one year	16	(1,335,552)	(2,085,203)
Provisions for liabilities			
Deferred tax	19	-	(179,011)
Net assets		<u><u>5,251,035</u></u>	<u><u>3,888,880</u></u>
Capital and reserves			
Called up share capital	20	137	137
Share premium account	21	1,392,908	1,392,908
Capital redemption reserve	21	12	12
Profit and loss account	21	3,857,978	2,495,823
		<u>5,251,035</u>	<u>3,888,880</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Peter Williamson (Jul 24, 2023 10:16 GMT+1)

P R Williamson
Director

Date: Jul 24, 2023

The notes on pages 14 to 29 form part of these financial statements.

SECURECLOUD+ LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2022	137	1,392,908	12	2,495,823	3,888,880
Comprehensive income for the year					
Profit for the year	-	-	-	1,362,155	1,362,155
At 31 March 2023	137	1,392,908	12	3,857,978	5,251,035

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2021	137	1,392,908	12	1,702,073	3,095,130
Comprehensive income for the year					
Profit for the year	-	-	-	793,750	793,750
At 31 March 2022	137	1,392,908	12	2,495,823	3,888,880

The notes on pages 14 to 29 form part of these financial statements.

SECURECLOUD+ LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,362,155	793,750
Adjustments for:		
Amortisation of intangible assets	69	11,592
Depreciation of tangible assets	1,166,604	659,988
Interest paid	251,203	137,330
Interest received	(18,340)	(8,942)
Taxation charge	(407,331)	(85,425)
Decrease in debtors	62,291	(1,598,789)
Increase/(decrease) in creditors	8,562,490	(1,529,607)
Corporation tax paid	-	(101,000)
Net cash generated from/(used in) operating activities	<u>10,979,141</u>	<u>(1,721,103)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,376,634)	(1,868,646)
Interest received	18,340	8,942
HP interest paid	(48,184)	(21,936)
Net cash used in investing activities	<u>(5,406,478)</u>	<u>(1,881,640)</u>
Cash flows from financing activities		
New secured loans	-	1,000,000
Repayment of loans	(500,000)	(375,000)
(Repayment of)/new finance leases	(252,859)	721,522
Interest paid	(203,019)	(115,394)
Net cash (used in)/generated from financing activities	<u>(955,878)</u>	<u>1,231,128</u>
Net increase/(decrease) in cash and cash equivalents	4,616,785	(2,371,615)
Cash and cash equivalents at beginning of year	1,514,871	3,886,486
Cash and cash equivalents at the end of year	<u>6,131,656</u>	<u>1,514,871</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>6,131,656</u>	<u>1,514,871</u>

The notes on pages 14 to 29 form part of these financial statements.

SECURECLOUD+ LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	1,514,871	4,616,785	6,131,656
Debt due after 1 year	(1,500,000)	500,000	(1,000,000)
Debt due within 1 year	(500,000)	-	(500,000)
Hire purchase	(838,062)	252,859	(585,203)
	<u>(1,323,191)</u>	<u>5,369,644</u>	<u>4,046,453</u>

The notes on pages 14 to 29 form part of these financial statements.

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

SecureCloud+ Limited, registered number: 07976189, presents its financial statements for the year ended 31 March 2023.

The Company is a private company, limited by shares and is registered in England. The address of the registered office is 5th Floor, Greyfriars House, 30 Greyfriars Road, Reading, RG1 1PE.

The principal activity of the Company is the provision of secure managed IT services to the MOD and the wider defence and space industry, including the major Defence equipment manufacturers and Government Systems Integrators.

The presentation currency for the financial statements is Pound Sterling (£) as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

A summary of the Company's accounting policies, which have been consistently applied, are set out below:

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 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).

2.2 Going concern

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

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

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

2.4 Operating leases

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

2.5 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2.6 Finance costs

Finance costs are charged to the profit and loss account 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.

2.7 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

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 the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 balance sheet date in the countries where the Company operates and generates income.

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

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

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 balance sheet date.

2.10 Intangible assets

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

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

The estimated useful lives range as follows:

Computer software	-	5 years straight line
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2.11 Tangible fixed assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- 5 years straight line
Fixtures & fittings	- 3 years straight line
Computer equipment	- 3 to 10 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.12 Debtors

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

2.13 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.

2.14 Creditors

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

2.15 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 the profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.16 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, loans to related parties and investments in ordinary shares.

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 profit and loss account.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

No critical judgements being applied

(b) Critical accounting estimates and assumptions

(i) Contract revenue

Management review each contract at the year end and calculate the stage of completion to date for each project to calculate the necessary required accrued income or deferred income balances depending on the timing profile of invoices raised.

(ii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Accounting Policy Note 2.11 for the useful economic lives for each class of assets.

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Sales	13,135,524	11,034,739

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	13,135,524	11,034,739

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Amortisation of goodwill	69	11,592
Depreciation of tangible fixed assets	1,166,604	659,988
Other operating lease rentals	135,091	135,091

6. Auditor's remuneration

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,230	12,450

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Employees

	2023	2022
	£	£
Wages and salaries	4,505,386	2,967,693
Social security costs	527,768	312,952
Cost of defined contribution scheme	134,393	94,955
	<u>5,167,547</u>	<u>3,375,600</u>

The average monthly number of employees, including Directors, during the year was 79 (2022 - 68).

8. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	530,402	425,112
Directors' pension costs - money purchase schemes	5,919	5,280
	<u>536,321</u>	<u>430,392</u>

During the year retirement benefits were accruing to 1 Director (2022 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £293,532 (2022 - £253,717).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2022 - £Nil).

9. Interest receivable

	2023	2022
	£	£
Bank interest receivable	18,340	8,942
	<u>18,340</u>	<u>8,942</u>

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	203,019	115,394
Hire purchase contracts	48,184	21,936
	<u>251,203</u>	<u>137,330</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
Adjustments in respect of previous periods	-	(114,274)
	<u>-</u>	<u>(114,274)</u>
Total current tax	<u>-</u>	<u>(114,274)</u>
Deferred tax		
Origination and reversal of timing differences	(399,048)	(21,819)
Adjustments in respect of prior periods	(8,283)	2,469
Effect of tax rate change on opening balance	-	48,199
Total deferred tax	<u>(407,331)</u>	<u>28,849</u>
Taxation on loss on ordinary activities	<u>(407,331)</u>	<u>(85,425)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	954,824	708,325
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	181,417	134,582
Effects of:		
Expenses not deductible for tax purposes	6,632	5,164
Additional deduction for R&D expenditure	(189,141)	(175,081)
Fixed asset differences	(303,660)	(83,487)
Utilisation of tax losses	-	100,593
Adjustments to tax charge in respect of prior periods	(8,283)	(111,805)
Remeasurement of deferred tax for changes in tax rates	(95,772)	42,963
Other permanent differences	1,476	1,646
Total tax charge for the year	(407,331)	(85,425)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%.

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Intangible assets

	Computer software £
Cost	
At 1 April 2022	87,512
At 31 March 2023	<u>87,512</u>
Amortisation	
At 1 April 2022	83,706
Charge for the year	69
At 31 March 2023	<u>83,775</u>
Net book value	
At 31 March 2023	<u>3,737</u>
At 31 March 2022	<u>3,806</u>

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 April 2022	1,772	990,981	4,356,742	5,349,495
Additions	-	69,675	5,306,959	5,376,634
At 31 March 2023	<u>1,772</u>	<u>1,060,656</u>	<u>9,663,701</u>	<u>10,726,129</u>
Depreciation				
At 1 April 2022	1,181	429,476	2,495,443	2,926,100
Charge for the year	591	204,888	961,125	1,166,604
At 31 March 2023	<u>1,772</u>	<u>634,364</u>	<u>3,456,568</u>	<u>4,092,704</u>
Net book value				
At 31 March 2023	<u>-</u>	<u>426,292</u>	<u>6,207,133</u>	<u>6,633,425</u>
At 31 March 2022	<u>591</u>	<u>561,505</u>	<u>1,861,299</u>	<u>2,423,395</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Computer equipment	<u>402,189</u>	<u>792,523</u>

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Debtors

	2023 £	2022 £
Due after more than one year		
Other debtors	511,234	511,168
	<u>511,234</u>	<u>511,168</u>
	2023 £	2022 £
Due within one year		
Trade debtors	1,888,837	2,539,843
Other debtors	200,692	239,975
Prepayments and accrued income	2,938,968	2,311,036
Deferred taxation	228,320	-
	<u>5,256,817</u>	<u>5,090,854</u>

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans	500,000	500,000
Trade creditors	5,865,130	944,669
Other taxation and social security	454,531	548,966
Obligations under hire purchase contracts	249,651	252,859
Other creditors	48,494	44,931
Accruals and deferred income	4,832,476	1,099,575
	<u>11,950,282</u>	<u>3,391,000</u>

The bank loans are secured by a fixed and floating charge on all assets of the Company with interest being charged at 3% per annum above the libor rate. The bank loans are also guaranteed against a mortgage life policy in respect of P Williamson and a guarantee dated 7 September 2017 from P Williamson in favour of Santander.

Hire purchase agreements are secured on the assets to which they relate.

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

	2023	2022
	£	£
Bank loans	1,000,000	1,500,000
Net obligations under hire purchase contracts	335,552	585,203
	<u>1,335,552</u>	<u>2,085,203</u>

17. Loans

Analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year		
Bank loans	500,000	500,000
Amounts falling due 1-5 years		
Bank loans	1,000,000	1,500,000
	<u>1,500,000</u>	<u>2,000,000</u>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023	2022
	£	£
Within one year	249,651	252,859
Between 1-5 years	335,552	585,203
	<u>585,203</u>	<u>838,062</u>

SECURECLOUD+ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. Deferred taxation

	2023 £	2022 £
At beginning of year	179,011	150,162
Credited to the profit or loss account	(407,331)	28,849
At end of year	(228,320)	179,011

The deferred taxation balance is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	1,573,603	446,744
Short term timing differences	(20,399)	(5,554)
Losses and other deductions	(1,781,524)	(262,179)
	(228,320)	179,011

20. Share capital

	2023 £	2022 £
11,360 (2022 - 11,360) Ordinary shares of £0.01 each	114	114
2,326 (2022 - 2,326) A Ordinary shares of £0.01 each	23	23
	137	137
Allotted, called up and fully paid		
11,360 (2022 - 11,360) Ordinary shares of £0.01 each	114	114
2,326 (2022 - 2,326) A Ordinary shares of £0.01 each	23	23
	137	137

Ordinary shares and A Ordinary shares have attached to them full voting, dividend and capital distribution rights, including on winding up. B Ordinary shares have attached to them non-voting rights. They have rights to a dividend and capital distribution, including on winding up.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Reserves**Share premium account**

The share premium account represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased by the company.

Profit & loss account

The profit and loss account represents the cumulative profits and losses of the company.

22. Share Options

The Company operates a share option scheme for certain employees. At 31 March 2023 no share options had been exercised as none of the vesting conditions had been met. The Directors believe the probability of the vesting conditions being met was unlikely at the year end, and as a result no charge has been made to the profit and loss account for the year ended 31 March 2023.

23. Pension commitments

The Company operates a defined contribution pension plan which is a money purchase scheme. Contributions paid to this scheme during the year were £134,393 (2022 - £94,955). Outstanding contributions of £26,596 (2022 - £17,218) were included within other creditors at the year end.

24. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Not later than 1 year	120,386	135,091
Later than 1 year and not later than 5 years	69,993	129,212
	<u>190,379</u>	<u>264,303</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

25. Related party transactions

Included in other debtors is a Directors Loan Account balance of £316,672 (2022 - £316,607) due from P R Williamson, a Director of the Company. The balance attracts interest of 2.5% annually. £7,851 (2021 - £11,322) was repaid in the year for the interest. No amount was written off in the year (2021 - £Nil).

Realise Capital (Midlands) Limited – a company in which R Sinhal has an interest charged the Company £62,597 (2022 - £83,419) for professional services. Creditors include a balance of £6,234 (2022 - £5,828) due to the Company at the year end.

KST Consultants Limited – a company in which K Taylor has an interest charged the Company £Nil (2022 - £40,640) for professional services. Creditors include a balance of £Nil (2022 - £3,334) due to the Company at the year end.

Gresham House Holdings Limited – a company in which B Duncan has an interest charged the Company £2,716 (2022 - £31,989) for professional services. Creditors include a balance of £Nil (2022 - £Nil) due to the Company at the year end.

De Vinculis Limited – a company in which General, the Lord Houghton has an interest charged the Company £40,196 (2022 - £Nil) for professional services. Creditors include a balance of £12,000 (2022 - £Nil) due to the Company at the year end.

26. Controlling party

The Company is controlled by G T Williamson and P R Williamson.