

COMPANY REGISTRATION NUMBER: 07118478

**Blue Cube Security Limited**  
**Filleted Financial Statements**  
**31 December 2023**

# Blue Cube Security Limited

## Statement of Financial Position

31 December 2023

		2023	2022
			(restated)
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	5	587,299	867,969
Tangible assets	6	49,811	66,144
		-----	-----
		637,110	934,113
<b>Current assets</b>			
Debtors	7	15,115,450	10,176,290
Cash at bank and in hand		20,761	44,840
		-----	-----
		15,136,211	10,221,130
<b>Creditors: amounts falling due within one year</b>	8	( 16,664,854)	( 12,681,952)
		-----	-----
<b>Net current liabilities</b>		( 1,528,643)	( 2,460,822)
		-----	-----
<b>Total assets less current liabilities</b>		( 891,533)	( 1,526,709)
<b>Creditors: amounts falling due after more than one year</b>	9	( 36,458)	( 98,958)
<b>Provisions</b>		—	( 4,561)
		-----	-----
<b>Net liabilities</b>		( 927,991)	( 1,630,228)
		-----	-----
<b>Capital and reserves</b>			
Called up share capital		15	15
Profit and loss account		( 928,006)	( 1,630,243)
		-----	-----
<b>Shareholders deficit</b>		( 927,991)	( 1,630,228)
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These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

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

# Blue Cube Security Limited

## Statement of Financial Position *(continued)*

**31 December 2023**

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These financial statements were approved by the board of directors and authorised for issue on 13 November 2024, and are signed on behalf of the board by:

G J Haycock-West

Director

Company registration number: 07118478

# Blue Cube Security Limited

## Notes to the Financial Statements

Year ended 31 December 2023

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### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Ratana House, Saint Hill Road, East Grinstead, West Sussex, RH19 4JU.

### 2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Going concern

The company has net liabilities of £927,991 (2022: £1,630,228) and incurred losses before tax of £1,604,276 in the previous year. Having made appropriate enquiries and having reviewed the company's forecasts and projections, the directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future (at least 12 months from the date the accounts are approved and signed) and to meet its obligations and settle its liabilities as they fall due for payment. Accordingly the financial statements are prepared on the going concern basis.

#### Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably. When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period. When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable. Revenue from software licences and support services are recognised on a straight line basis over the period of the contract for which the company has an obligation to provide services and support to the customer.

**Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

**Intangible assets- development costs**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses

## **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% reducing balance
Development costs	-	10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

## **Research and development**

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met: - It is technically feasible to complete the intangible asset so that it will be available for use or sale; - There is the intention to complete the intangible asset and use or sell it; - There is the ability to use or sell the intangible asset; - The use or sale of the intangible asset will generate probable future economic benefits; - There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and - The expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure that does not meet the above criteria is expensed as incurred.

## **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

## **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Improvements to property	-	20% straight line
Office equipment	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Computer equipment	-	25% reducing balance

## **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

## **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

## **Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## **4. Employee numbers**

The average number of persons employed by the company during the year amounted to 15 (2022: 14 ).

## 5. Intangible assets

	Goodwill £	Development costs £	Total £
<b>Cost</b>			
<b>At 1 January 2023 (as restated) and 31 December 2023</b>	30,000	2,776,692	2,806,692
<b>Amortisation</b>			
At 1 January 2023	30,000	1,908,723	1,938,723
Charge for the year	–	280,670	280,670
<b>At 31 December 2023</b>	30,000	2,189,393	2,219,393
<b>Carrying amount</b>			
<b>At 31 December 2023</b>	–	587,299	587,299
At 31 December 2022	–	867,969	867,969

## 6. Tangible assets

	Improvements to property £	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2023 (as restated)	61,737	51,096	20,803	68,208	201,844
Additions	–	–	–	5,793	5,793
<b>At 31 December 2023</b>	61,737	51,096	20,803	74,001	207,637
<b>Depreciation</b>					
At 1 January 2023	29,257	41,675	16,405	48,363	135,700
Charge for the year	12,348	2,355	1,100	6,323	22,126
<b>At 31 December 2023</b>	41,605	44,030	17,505	54,686	157,826
<b>Carrying amount</b>					
<b>At 31 December 2023</b>	20,132	7,066	3,298	19,315	49,811
At 31 December 2022	32,480	9,421	4,398	19,845	66,144

## 7. Debtors

	2023 £	2022 (restated) £
Trade debtors	3,639,728	2,346,036
Other debtors	11,475,722	7,830,254
	15,115,450	10,176,290

Other debtors is analysed as follows:

	2 0 2 2	
	2023 (restated)	
	£	£
Deferred cost of sales and prepayments	11,064,545	7,485,071
Corporation tax	182,675	258,744
VAT	193,810	–
Other debtors	34,692	86,439
Sales	<u>11,475,722</u>	<u>7,830,254</u>

#### 8. Creditors: amounts falling due within one year

	2023	2022
		<i>(restated)</i>
	£	£
Bank loans and overdrafts	62,500	62,500
Trade creditors	2,734,728	2,295,515
Social security and other taxes	59,153	245,397
Other creditors	13,808,473	10,078,540
	<u>16,664,854</u>	<u>12,681,952</u>

Other creditors is analysed as follows:

	2 0 2 2	
	2023 (restated)	
	£	£
Accruals and deferred income	12,878,364	9,221,325
Other creditors	930,109	857,215
	<u>13,808,473</u>	<u>10,078,540</u>

#### 9. Creditors: amounts falling due after more than one year

	2023	2022
		<i>(restated)</i>
	£	£
Bank loans and overdrafts	36,458	98,958
	<u>36,458</u>	<u>98,958</u>

#### 10. Prior period errors

A prior period adjustment was made to reclassify £847,980 from trade receivables to other creditors on the Statement of Financial Position in respect of amounts owed re invoice discounting. Due to the change in the revenue recognition policy, a prior year adjustment was made increasing the loss in the year from £46,526 to £1,469,105 resulting from a decrease in revenue of £7,529,249 and a decrease in cost of sales of £6,106,670. The impact on the balance sheet was to eliminate previous accrued income of £2,931,901 and accrued cost of sales of £2,487,279 and to reflect deferred income of £9,000,259 and deferred cost of sales of £7,410,807. The change in policy was also reflected in 2021 and resulted in a reduction in profit and loss reserves at 31 December 2021 for the amount of £611,496.

## 11. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2023</b>	2022
		<i>(restated)</i>
	<b>£</b>	£
Not later than 1 year	18,000	18,000
Later than 1 year and not later than 5 years	18,000	—
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	36,000	18,000
	-----	-----

## 12. Summary audit opinion

The auditor's report dated 10 December 2024 was unqualified .

The senior statutory auditor was Peter Conneely , for and on behalf of Shipleys LLP .

## 13. Directors' advances, credits and guarantees

At the year end the directors owed the company £23,822 (2022: £70,317). This amount was fully repaid post year end.

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