

Company registration number: 06947644

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2018

NETSPARKER LIMITED



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NETSPARKER LIMITED

COMPANY INFORMATION

Directors	Dominic Ang Chase Sorgel Great Wave Limited
Registered number	06947644
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Centrum House 36 Station Road Egham Surrey TW20 9LF

NETSPARKER LIMITED

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NETSPARKER LIMITED
REGISTERED NUMBER:06947644

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	Restated unaudited 30 June 2017 £
Fixed assets			
Tangible assets	5	7,590	1,072
Investments	6	2,500	2,500
		<u>10,090</u>	<u>3,572</u>
Current assets			
Debtors: amounts falling due within one year	7	2,427,138	530,252
Cash at bank and in hand		1,675,760	670,791
		<u>4,102,898</u>	<u>1,201,043</u>
Creditors: amounts falling due within one year	8	(4,975,626)	(1,788,238)
Net current liabilities		<u>(872,728)</u>	<u>(587,195)</u>
Total assets less current liabilities		<u>(862,638)</u>	<u>(583,623)</u>
Creditors: amounts falling due after more than one year	9	(1,017,942)	(426,255)
Net liabilities		<u><u>(1,880,580)</u></u>	<u><u>(1,009,878)</u></u>
Capital and reserves			
Called up share capital		30	30
Profit and loss account		(1,880,610)	(1,009,908)
		<u><u>(1,880,580)</u></u>	<u><u>(1,009,878)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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



Dominic Ang
Director
Date: 02 / 24 / 2020

The notes on pages 2 to 7 form part of these financial statements.

NETSPARKER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1. General information

Netsparker Limited is a private company, limited by shares, incorporated in England and Wales. The registered address can be found on the company information page. The principal place of business is 220 Industrial Blvd., Suite 102, Austin, TX 78745, United States.

The accounts are drawn up for eighteen months to 31 December 2018 in order to align the period end with that of the group. Therefore the financial statements are not entirely comparable with the prior period.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Exemption from preparing consolidated financial statements

The Company, and the group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and group are considered eligible for the exemption from preparing consolidated accounts.

2.3 Going concern

At the period end the company has net liabilities of £1,880,580, the directors consider the company to be a going concern given that included in the company's net liabilities is deferred income which amounts to £4,374,905 and will be released monthly as described in the revenue recognition accounting policy below.

In addition the directors believe that the company is able to meet obligations as they fall due as the company has sufficient cash balances.

2.4 Revenue

Revenue is generated through customer subscriptions which vary from periods of 12 months to 36 months. Revenue is deferred over the period of the subscription and released on a straight line monthly basis.

2.5 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.

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.

Depreciation is provided on the following basis:

Office equipment	-	25%
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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 Statement of Income and Retained Earnings.

NETSPARKER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.7 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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 non-puttable ordinary shares.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.11 Dividends

The ownership of the company changed during the period and as a result the company is now part of a group. It was identified that prior to the change in ownership there were dividend payments which would be classified as improper under s830 of the Companies Act 2006 due to there not being sufficient distributable reserves. This was a result of the previous accounting treatment in respect of deferred income, explained in note 10. There have been no further dividend payments since the change of ownership. Further details provided in note 4.

3. Employees

The average monthly number of employees, including directors, during the period was 3 (2017 - 5).

NETSPARKER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

4. Dividends

	31 December 2018	<i>Unaudited 30 June 2017</i>
	£	£
Dividends	408,335	715,528
	<u>408,335</u>	<u>715,528</u>

Under s830 of the Companies Act 2006, the company is only entitled to make a distribution out of profits available for the purpose. There were insufficient distributable reserves to support payment of the dividends paid by the company in both the year to 30 June 2017 and the 18 month period to 31 December 2018.

5. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 July 2017	6,069
Additions	6,518
At 31 December 2018	<u>12,587</u>
Depreciation	
At 1 July 2017	4,997
At 31 December 2018	<u>4,997</u>
Net book value	
At 31 December 2018	<u>7,590</u>
At 30 June 2017	<u>1,072</u>

NETSPARKER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2017	2,500
At 31 December 2018	<u>2,500</u>

7. Debtors

	31 December 2018 £	<i>Unaudited</i> 30 June 2017 £
Trade debtors	1,131,632	481,602
Amounts owed by group undertakings	929,676	-
Other debtors	165,341	1,029
Prepayments and accrued income	200,489	47,621
	<u>2,427,138</u>	<u>530,252</u>

8. Creditors: Amounts falling due within one year

	31 December 2018 £	<i>Restated unaudited</i> 30 June 2017 £
Trade creditors	91,646	6,038
Amounts owed to group undertakings	1,411,093	-
Corporation tax	-	184,794
Other taxation and social security	-	8,749
Other creditors	18,990	42,244
Accruals and deferred income	3,453,897	1,546,413
	<u>4,975,626</u>	<u>1,788,238</u>

NETSPARKER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

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

	31 December 2018 £	<i>Restated unaudited</i> 30 June 2017 £
Accruals and deferred income	1,017,942	426,255
	<u>1,017,942</u>	<u>426,255</u>

10. Prior year adjustment

A prior period adjustment has been made to recognise deferred income as at 30 June 2017 which was not previously accounted for as a result of an incorrect basis of revenue recognition accounting policy applied to the unaudited financial statements.

An adjustment of £1,036,497 has been made to the opening reserves as at 1 July 2016, to reflect the deferred income amount related to period before 1 July 2016.

For the year ended 30 June 2017, an adjustment of £830,260 was included to reduce turnover and to increase deferred income, to reflect the amount of £1,866,757 for subscriptions relating to the period post 30 June 2017.

The overall result of this adjustment has been to reduce reserves by £1,866,757 and increase creditors by the same amount as at 30 June 2017.

11. Contingent liabilities

During the period the company became a guarantor to a credit agreement on behalf of the parent company, Netsparker Holdings Limited, for USD 16 million senior debt and USD 1 million revolving credit. The maximum financial exposure to the company would be the extent of its net assets value.

12. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2018 £	30 June 2017 £
Not later than 1 year	4,800	-
	<u>4,800</u>	<u>-</u>

NETSPARKER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

13. Related party transactions

As at the 31 December 2018, the non-interest bearing loan previously owed to the director PF Edgeler was repaid during the period by the company (2017: £10,833).

During the period, the directors were paid dividends of £276,112 (2017: £538,904).

14. Parent company

Netsparker Holdings Limited, a company incorporated in the United Kingdom, is the parent company of the smallest group for which consolidated financial statements are drawn up of which the company is a member. The parent company's registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

15. Auditors' information

The auditors' report on the financial statements for the period ended 31 December 2018 was unqualified.

The audit report was signed by Andrew Cook (Senior statutory auditor) on behalf of Menzies LLP.