

COMPANIES HOUSE
16 FEB 2023
EDINBURGH MAILBOX

Quorum Cyber Security Limited

Registered number: SC510322

Annual Report

For the year ended 31 May 2022



QUORUM CYBER SECURITY LIMITED

COMPANY INFORMATION

Directors	F Charosky S Abney I A McCready G Aitken J Wallace
Company secretary	MBM Secretarial Services Limited
Registered number	SC510322
Registered office	First Floor Suite (West Wing) Verdant 2 Redheughs Rigg South Gyle Edinburgh EH12 9DQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD

QUORUM CYBER SECURITY LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditor's Report	3 - 6
Statement of Income and Retained Earnings	7
Balance Sheet	8 - 9
Notes to the Financial Statements	10 - 22

QUORUM CYBER SECURITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022

The Directors present their report and the financial statements for the year ended 31 May 2022.

Directors' responsibilities statement

The Directors are responsible for preparing 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; and
- 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 loss for the year, after taxation, amounted to £645,510 (2021 - loss of £225,709).

The Directors do not propose the payment of a dividend (2021 - £Nil).

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 a Director 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.

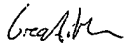
Small companies note

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

QUORUM CYBER SECURITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2022**

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



G Aitken
Director

Date: Feb 15, 2023

QUORUM CYBER SECURITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUORUM CYBER SECURITY LIMITED

Opinion

We have audited the financial statements of Quorum Cyber Security Limited (the 'Company') for the year ended 31 May 2022 which comprise the Statement of Income and Retained Earnings, the Balance Sheet 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 May 2022 and of its loss 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.

QUORUM CYBER SECURITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUORUM CYBER SECURITY 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

QUORUM CYBER SECURITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUORUM CYBER SECURITY LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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.

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 these 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, the Companies Act 2006.

QUORUM CYBER SECURITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUORUM CYBER SECURITY LIMITED

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of 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, 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.

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.

Craig Maxwell
Craig Maxwell (Feb 15, 2023 10:20 GMT)

Craig Maxwell (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: Feb 15, 2023

QUORUM CYBER SECURITY LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MAY 2022**

	Note	2022 £	As restated 2021 £
Turnover		7,099,892	3,689,047
Cost of sales		(3,319,331)	(1,770,082)
Gross profit		<u>3,780,561</u>	<u>1,918,965</u>
Administrative expenses		(4,563,927)	(2,250,951)
Exceptional administrative expenses	7	(115,697)	(172,769)
Other operating income	3	-	13,744
Operating loss	4	<u>(899,063)</u>	<u>(491,011)</u>
Interest receivable and similar income		-	25
Interest payable and similar expenses		(345)	-
Loss before tax		<u>(899,408)</u>	<u>(490,986)</u>
Tax on loss	6	253,898	265,277
Loss after tax		<u>(645,510)</u>	<u>(225,709)</u>
Retained earnings at the beginning of the year		(584,601)	(358,892)
Loss for the year		(645,510)	(225,709)
Retained earnings at the end of the year		<u>(1,230,111)</u>	<u>(584,601)</u>

The notes on pages 10 to 22 form part of these financial statements.

QUORUM CYBER SECURITY LIMITED
REGISTERED NUMBER: SC510322

BALANCE SHEET
AS AT 31 MAY 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	8	8,708	-
Tangible fixed assets	9	304,472	118,098
		<u>313,180</u>	<u>118,098</u>
Current assets			
Debtors: amounts falling due after more than one year	10	2,844,729	-
Debtors: amounts falling due within one year	10	3,133,652	1,254,993
Cash and cash equivalents	11	2,893,005	896,067
		<u>8,871,386</u>	<u>2,151,060</u>
Creditors: amounts falling due within one year	12	(4,051,994)	(1,121,077)
Net current assets		<u>4,819,392</u>	<u>1,029,983</u>
Total assets less current liabilities		<u>5,132,572</u>	<u>1,148,081</u>
Creditors: amounts falling due after more than one year	13	(6,361,183)	(1,731,182)
Net liabilities		<u>(1,228,611)</u>	<u>(583,101)</u>
Capital and reserves			
Called up share capital	14	1,500	1,500
Profit and loss account	15	(1,230,111)	(584,601)
		<u>(1,228,611)</u>	<u>(583,101)</u>

QUORUM CYBER SECURITY LIMITED
REGISTERED NUMBER: SC510322

BALANCE SHEET (CONTINUED)
AS AT 31 MAY 2022

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



G Aitken
Director

Date: Feb 15, 2023

The notes on pages 10 to 22 form part of these financial statements.

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

1. General information

Quorum Cyber Security Limited is a private company limited by shares and incorporated in Scotland. Registered number SC510322. The address of its registered office is First Floor Suite (West Wing) Verdant, 2 Redheughs Rigg, South Gyle, Edinburgh, EH12 9DQ.

The principal activity of the Company during the year was that of the provision of the professional and managed cyber security services.

The functional currency of the Company is pounds sterling as this is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The Directors are required to prepare the statutory financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business. Business performance is reviewed continuously throughout the year and quarterly forecasts prepared in detail and reviewed by the Directors.

The Company is experiencing significant demand for cyber security services, post year end trading growth has been positive, and visibility of future performance continues to increase as recurring revenue grows significantly. The Directors remain committed to investing in headcount, training and IT infrastructure and losses are therefore expected to continue over the next 12 months. The investors have confirmed in writing that they intend providing financial support as required for the business to continue to operate and meet their liabilities as they fall due.

Within creditors due in more than one year there is an intercompany balance of £6,361,183. There are no formal terms of repayment, however the Directors of the parent company have confirmed in writing this will not be repayable before 1 June 2023.

Based on the above, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

QUORUM CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the rates ruling at that date.

Any gains or losses arising on assets and liabilities between the date of recording and the date of settlement are treated as gains or losses through profit or loss. Forward foreign exchange contracts used to hedge the Group's exposure to foreign currency transactions are fair valued at the balance date and the gain or loss is recognised through profit or loss for the period.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses are translated at the spot rate at the time of the transaction

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue 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 revenue 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.

2.5 Operating leases: the Company as lessee

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

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

2.9 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 Statement of Income and Retained Earnings 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.

QUORUM CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

2. Accounting policies (continued)

2.10 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 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.

2.11 Exceptional items

Extraordinary items are material items possessing a high degree of abnormality which arise from events or transactions that fall outside the ordinary activities of the reporting entity and which are not expected to recur.

2.12 Intangible fixed 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.

Amortisation is provided on the following basis:

Computer software	-	4 years
-------------------	---	---------

2.13 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.

QUORUM CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

2. Accounting policies (continued)

2.13 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.

Depreciation is provided on the following basis:

Computer equipment	-	25%
--------------------	---	-----

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.

2.14 Debtors

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

2.15 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.

2.16 Creditors

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

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, 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 Statement of Income and Retained Earnings.

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Other operating income

	2022	2021
	£	£
Government grants receivable	-	13,744

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

4. Operating loss

The operating loss is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	64,331	28,703
Amortisation of intangible fixed assets	2,292	-
Exchange differences	(40,042)	753
	<u> </u>	<u> </u>

5. Employees

The average monthly number of employees, including Directors, during the year was 78 (2021 - 34).

6. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on losses for the year	(248,388)	(265,277)
Adjustments in respect of previous periods	(5,510)	-
	<u> </u>	<u> </u>
Taxation on loss on ordinary activities	<u>(253,898)</u>	<u>(265,277)</u>

QUORUM CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(899,408)	(490,986)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(170,888)	(93,287)
Effects of:		
Expenses not deductible for tax purposes	6,034	12,018
Fixed asset differences	(14,943)	-
Other permanent differences	76	181
Remeasurement of deferred tax for changes in tax rates	(38,355)	(1,016)
Adjustments to tax charge in respect of prior periods	(5,510)	-
Movement in deferred tax not recognised	159,812	(14,921)
Additional deduction for R&D expenditure	(248,388)	(255,829)
Surrender of tax losses for R&D tax credit refund	58,264	82,327
Other differences leading to an increase in the tax charge	-	5,250
Total tax charge for the year	(253,898)	(265,277)

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 would increase from 19% to 25%. Companies with profits of £50,000 or less would continue to be taxed at 19%, which was a new small profits rate. Where taxable profits were between £50,000 and £250,000, the higher 25% rate would apply but with a marginal relief applying as profits increased.

As at 31 May 2022, the Company had accumulated tax losses with a deferred tax value of £164,045 attributable to trading losses. These tax losses are available for utilisation by the entity in future years against taxable income. In line with FRS 102 recognition principles, no deferred tax asset has been recognised as there is uncertainty over the timing of recoverability.

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

7. Non-recurring exceptional items

	2022 £	2021 £
Professional fees in relation to investment	61,530	172,769
Operational restructuring costs	25,000	-
Investor monitoring fees paid to Maven Capital	29,167	-
	<u>115,697</u>	<u>172,769</u>

8. Intangible fixed assets

	Computer software £
Cost	
Additions	11,000
At 31 May 2022	<u>11,000</u>
Amortisation	
Charge for the year	2,292
At 31 May 2022	<u>2,292</u>
Net book value	
At 31 May 2022	<u>8,708</u>
At 31 May 2021	<u>-</u>

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

9. Tangible fixed assets

	Computer equipment £
Cost	
At 1 June 2021	174,477
Additions	251,168
Disposals	(473)
At 31 May 2022	<u>425,172</u>
Depreciation	
At 1 June 2021	56,379
Charge for the year	64,331
Disposals	(10)
At 31 May 2022	<u>120,700</u>
Net book value	
At 31 May 2022	<u>304,472</u>
At 31 May 2021	<u>118,098</u>

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

10. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by group undertakings (note 18)	2,844,729	-
	<u>2,844,729</u>	<u>-</u>
	2022 £	2021 £
Due within one year		
Trade debtors	2,432,276	922,947
Other debtors	248,388	265,277
Prepayments and accrued income	452,988	66,769
	<u>3,133,652</u>	<u>1,254,993</u>

11. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,893,005	896,067
	<u>2,893,005</u>	<u>896,067</u>

12. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	566,514	228,315
Other taxation and social security	635,945	261,848
Other creditors	42,198	12,563
Accruals and deferred income	2,807,337	618,351
	<u>4,051,994</u>	<u>1,121,077</u>

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

	2022 £	2021 £
Amounts owed to group undertakings (note 18)	6,361,183	1,731,182
	<u>6,361,183</u>	<u>1,731,182</u>

QUORUM CYBER SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,500 (2021 - 1,500) Ordinary shares of £1.00 each	1,500	1,500

15. Reserves

Profit and loss account

The Profit and loss account represents the cumulative profit and losses of the Company, less the payment of dividends.

16. Prior year adjustment

Costs incurred for wages and salaries for £398,085 in the prior year has been reclassified from administrative expenses to cost of sales. This adjustment has no impact on the loss reported in the prior year or the net asset position of the Company.

17. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £124,073 (2021 - £63,983). Contributions totalling £42,198 (2021 - £11,535) were payable to the fund at the balance sheet date.

18. Related party transactions

The Company has taken advantage of the exemption available in accordance with Section 33 'Related party disclosure' of FRS 102 not to disclose transactions entered into between two or more members of the group that are wholly owned.

QUORUM CYBER SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

19. Parent undertaking and controlling party

The Company's immediate parent undertaking is Project Firefly Limited, a company registered in Scotland. Project Firefly Limited owns 100% of the share capital of Quorum Cyber Security Limited.

The Company's ultimate parent undertaking is Project Falcon Topco Limited, a company registered in England and Wales.

In December 2021, Livingbridge EP LLP, a mid-market private equity company, purchased a controlling stake in Project Firefly Limited through creation of Project Falcon Topco Limited and a number of other subsidiaries. The acquisition was funded through issuing equity – there is no external debt within the Group structure. This is an exciting development and will support and accelerate Quorum Cyber Security Limited's growth in the UK and facilitate further expansion into international markets, be that organically or via acquisition.

Project Falcon Topco Limited is both the smallest and largest Group for which consolidated financial statements are prepared. Copies of these financial statements are available from c/o MBM Commercial LLP, Green Park House, 15 Stratton Street, London W1J 8LQ.

The Directors are of the opinion that the ultimate controlling party of the Company is Project Falcon Topco Limited.