

COMPANY REGISTRATION NUMBER: 07118478

**Blue Cube Security Limited**

**Filleted Unaudited Financial Statements**

**31 December 2022**

# Blue Cube Security Limited

## Statement of Financial Position

31 December 2022

|  | Note | 2022<br>£    | 2021<br>£    |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Intangible assets  | 5    | 867,969      | 919,116      |
| Tangible assets  | 6    | 66,144       | 84,596       |
|  |      | -----        | -----        |
|  |      | 934,113      | 1,003,712    |
| <b>Current assets</b>  |      |              |              |
| Debtors  | 7    | 4,849,404    | 3,971,023    |
| Cash at bank and in hand                                       |      | 44,840       | 24,771       |
|  |      | -----        | -----        |
|  |      | 4,894,244    | 3,995,794    |
| <b>Creditors: amounts falling due within one year</b>          | 8    | ( 5,320,992) | ( 4,372,515) |
|  |      | -----        | -----        |
| <b>Net current liabilities</b>                                 |      | ( 426,748)   | ( 376,721)   |
|  |      | -----        | -----        |
| <b>Total assets less current liabilities</b>                   |      | 507,365      | 626,991      |
| <b>Creditors: amounts falling due after more than one year</b> | 9    | ( 98,958)    | ( 173,953)   |
| <b>Provisions</b>  |      | ( 4,561)     | ( 2,666)     |
|  |      | -----        | -----        |
| <b>Net assets</b>  |      | 403,846      | 450,372      |
|  |      | -----        | -----        |
| <b>Capital and reserves</b>                                    |      |              |              |
| Called up share capital  |      | 15           | 15           |
| Profit and loss account  |      | 403,831      | 450,357      |
|  |      | -----        | -----        |
| <b>Shareholders funds</b>                                      |      | 403,846      | 450,372      |
|  |      | -----        | -----        |

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.

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 ;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements .

# **Blue Cube Security Limited**

## **Statement of Financial Position** *(continued)*

**31 December 2022**

---

These financial statements were approved by the board of directors and authorised for issue on 31 October 2023 , and are signed on behalf of the board by:

C J Core

Director

Company registration number: 07118478

# Blue Cube Security Limited

## Notes to the Financial Statements

Year ended 31 December 2022

---

### 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 and investment properties 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

Shareholders funds have depleted over the last two accounting periods due to a combination of the level of amortisation charged on development costs, the dividends taken as a balancing exercise prior to the aborted merger and the subsequent write-off of considerable associated costs. The company has reviewed its development costs and has extended the useful life to 10 years. The costs will be written off by March 2025 and the effect will be to increase profits from 2023 by approximately £250,000 per annum moving forward. The directors are satisfied the company is able to continue to trade as a going concern. Following significant growth within our business sector and the overall Cyber Security sector, the company is budgeting profits for 2023 and 2024.

#### 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. With the revision of the revenue recognition policy in 2023, the company has significant deferred multi-year profits for 2024/2025.

#### 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.

#### **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**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

#### **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**

The directors have reviewed the amortisation policy in relation to the company's development expenditure and are of the opinion the intellectual property has a useful life of 10 years compared to the previous expected useful life of 5 years. An adjustment has been made to the amortisation charge in the year to reflect the change in accounting estimate.

**Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

**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. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

### **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 14 (2021: 11 ).

## 5. Intangible assets

|                            | Goodwill<br>£ | Development<br>costs<br>£ | Total<br>£       |
|----------------------------|---------------|---------------------------|------------------|
| <b>Cost</b>                |               |                           |                  |
| At 1 January 2022          | 30,000        | 2,552,170                 | 2,582,170        |
| Additions                  | –             | 224,522                   | 224,522          |
|                            | -----         | -----                     | -----            |
| <b>At 31 December 2022</b> | <b>30,000</b> | <b>2,776,692</b>          | <b>2,806,692</b> |
|                            | -----         | -----                     | -----            |
| <b>Amortisation</b>        |               |                           |                  |
| At 1 January 2022          | 30,000        | 1,633,054                 | 1,663,054        |
| Charge for the year        | –             | 275,669                   | 275,669          |
|                            | -----         | -----                     | -----            |
| <b>At 31 December 2022</b> | <b>30,000</b> | <b>1,908,723</b>          | <b>1,938,723</b> |
|                            | -----         | -----                     | -----            |
| <b>Carrying amount</b>     |               |                           |                  |
| <b>At 31 December 2022</b> | <b>–</b>      | <b>867,969</b>            | <b>867,969</b>   |
|                            | -----         | -----                     | -----            |
| At 31 December 2021        | –             | 919,116                   | 919,116          |
|                            | -----         | -----                     | -----            |

## 6. Tangible assets

|                            | Improvements to<br>property<br>£ | Office<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
|----------------------------|----------------------------------|--------------------------|-------------------------------|----------------------------|----------------|
| <b>Cost</b>                |                                  |                          |                               |                            |                |
| At 1 January 2022          | 61,737                           | 51,096                   | 20,803                        | 64,389                     | 198,025        |
| Additions                  | –                                | –                        | –                             | 3,819                      | 3,819          |
|                            | -----                            | -----                    | -----                         | -----                      | -----          |
| <b>At 31 December 2022</b> | <b>61,737</b>                    | <b>51,096</b>            | <b>20,803</b>                 | <b>68,208</b>              | <b>201,844</b> |
|                            | -----                            | -----                    | -----                         | -----                      | -----          |
| <b>Depreciation</b>        |                                  |                          |                               |                            |                |
| At 1 January 2022          | 16,910                           | 38,792                   | 14,933                        | 42,794                     | 113,429        |
| Charge for the year        | 12,347                           | 2,883                    | 1,472                         | 5,569                      | 22,271         |
|                            | -----                            | -----                    | -----                         | -----                      | -----          |
| <b>At 31 December 2022</b> | <b>29,257</b>                    | <b>41,675</b>            | <b>16,405</b>                 | <b>48,363</b>              | <b>135,700</b> |
|                            | -----                            | -----                    | -----                         | -----                      | -----          |
| <b>Carrying amount</b>     |                                  |                          |                               |                            |                |
| <b>At 31 December 2022</b> | <b>32,480</b>                    | <b>9,421</b>             | <b>4,398</b>                  | <b>19,845</b>              | <b>66,144</b>  |
|                            | -----                            | -----                    | -----                         | -----                      | -----          |
| At 31 December 2021        | 44,827                           | 12,304                   | 5,870                         | 21,595                     | 84,596         |
|                            | -----                            | -----                    | -----                         | -----                      | -----          |

## 7. Debtors

|   | <b>2022</b>      | 2021             |
|---|------------------|------------------|
|   | <b>£</b>         | £                |
| Trade debtors   | 1,498,056        | 2,149,551        |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | –                | 50,000           |
| Other debtors   | 3,351,348        | 1,771,472        |
|   | <u>4,849,404</u> | <u>3,971,023</u> |

The debtors above include the following amounts falling due after more than one year:

|   | <b>2022</b>   | 2021          |
|---|---------------|---------------|
|   | <b>£</b>      | £             |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | –             | 50,000        |
| Other debtors   | 15,972        | –             |
|   | <u>15,972</u> | <u>50,000</u> |

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

|                                 | <b>2022</b>      | 2021             |
|---------------------------------|------------------|------------------|
|                                 | <b>£</b>         | £                |
| Bank loans and overdrafts       | 62,500           | 56,429           |
| Trade creditors                 | 2,295,515        | 2,803,660        |
| Corporation tax                 | –                | 130,746          |
| Social security and other taxes | 245,397          | 199,905          |
| Other creditors                 | 2,717,580        | 1,181,775        |
|                                 | <u>5,320,992</u> | <u>4,372,515</u> |

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

|                           | <b>2022</b> | 2021    |
|---------------------------|-------------|---------|
|                           | <b>£</b>    | £       |
| Bank loans and overdrafts | 98,958      | 173,953 |

## 10. Directors' advances, credits and guarantees

At the year end the directors owed the company £70,337 (2021 £22,619). The balance has been repaid after the year end .

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.