

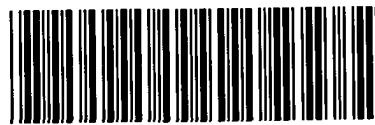
Registered number: 11887555

**Project Excalibur Midco 1 Limited**

**Annual report and financial statements**

**For the period ended 31 December 2019**

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## **Project Excalibur Midco 1 Limited**

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## **Project Excalibur Midco 1 Limited**

### **Company information**

<b>Directors</b>	David Calder (appointed 23 May 2019) Nathan Dornbrook (appointed 23 May 2019) Matthew Jacobs (appointed 30 September 2019) Mark Grafton (appointed 27 May 2020)
<b>Registered number</b>	11887555
<b>Registered office</b>	100 Wood Street London United Kingdom EC2V 7AN
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Statutory Auditors and Chartered Accountants Atria One 144 Morrison Street Edinburgh EH3 8EX

## **Project Excalibur Midco 1 Limited**

### **Strategic report For the period ended 31 December 2019**

#### **Introduction**

The directors set out their strategic report as required by the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 Chapter 4A Section 414A, as updated in Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) 2016 for the period ended 31 December 2019.

#### **Business review**

Project Excalibur Midco 1 Limited ("the company") was incorporated on 18 March 2019. The principal activity of the company is an intermediate holding company. The company was formed under Project Excalibur Topco Limited (the "group") and fully owns a subsidiary, Project Excalibur Midco 2 Limited.

On 23 May 2019, the group acquired 100% of the share capital of Adarma Limited. The funding of this investment was made up from issue of shares in Project Excalibur Topco Limited, loan notes issued to the group's ultimate parent company and external debt.

The principal activity of the group is the provision of cybersecurity services.

#### **Principal risks and uncertainties**

The directors consider the key business risks and uncertainties, including financial risk management, affecting the company to be the key risks and uncertainties facing its ultimate parent undertaking, Project Excalibur Topco Limited. There are discussed within the "Principal risks and uncertainties" paragraph in the strategic report in the financial statements of Project Excalibur Topco Limited, which does not form part of this report.

#### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006;**

The directors of the company consider that they have acted in good faith and in the way they consider would be most likely to promote the success of the group for the benefit of its stakeholders as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 December 2019. The key decision made during the year was the company's role in the acquisition of Adarma Limited. The directors considered the acquisition and the associated financing transactions and believe them to be in the best interests of the company, the group and associated stakeholders. The directors are confident in the future prospects of Adarma Limited and the positive benefits that will bring to the company, the group and associated stakeholders. The key decisions considered by the directors of the group are discussed within the "Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006" paragraph in the strategic report in the financial statements of Project Excalibur Topco Limited, which does not form part of this report.

#### **Key performance indicators**

Given the company is a holding company and does not trade, the company's directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

**Project Excalibur Midco 1 Limited**

**Strategic report (continued)  
For the period ended 31 December 2019**

**Covid-19**

In preparing the financial statements the directors have considered the potential impact of Covid-19, including the group's ability to provide services to clients, the demand for those services and the recoverability of amounts owed for work already undertaken.

The group is closely following government guidelines in its day to day operations. It is closely monitoring the health and wellbeing of its employees and key suppliers and its adherence to service levels agreed with its clients. To date the group has benefited from a healthy workforce and has met its service level requirements and would expect this to continue in the future.

*Demand for the group's services remains strong, reflecting the critical nature of the services provided and the long-standing relationships it has with many of its clients.*

Lastly, the group has experienced strong recoverability of the trade debtors outstanding as at the balance sheet date, a trend which has continued for new revenue generated during the course of the current financial year.

For the above reasons, whilst the group continues to monitor the Covid-19 situation very carefully, the pandemic has not required any specific or unusual treatment within the financial statements, nor has it impacted the decision to prepare the financial statements on a going concern basis.

This report was approved by the board on 29 May 2020 and signed on its behalf.



**David Calder**  
Director

## **Project Excalibur Midco 1 Limited**

### **Directors' report For the period ended 31 December 2019**

The directors present their report and the audited financial statements of the company for the period ended 31 December 2019.

#### **Principal activities**

The principal activity of the company is investment holding. The company was formed as an acquisition vehicle to enable one of its subsidiaries, Project Excalibur Bidco Limited, to acquire the entire share capital of Adarma Limited on 23 May 2019.

#### **Results and dividends**

The results for the period amounted to £Nil.

There were no dividends paid during the year. The directors do not recommend the payment of a final dividend.

#### **Future developments**

The company is a holding company and as such the Directors do not anticipate any change in the company's business.

#### **Directors**

The directors of the company who served during the period and up to the date of signing the financial statements were:

David Calder (appointed 23 May 2019)  
Nathan Dornbrook (appointed 23 May 2019)  
Matthew Jacobs (appointed 30 September 2019)  
Mark Grafton (appointed 27 May 2020)

#### **Going concern**

The directors have prepared the financial statements on a going concern basis which they believe to be appropriate for the following reasons.

The group has generated significant positive earnings before interest, tax, depreciation and amortisation in the period since acquisition, and the group's main trading entity Adarma Limited has generated significant positive earnings before interest, tax, depreciation and amortisation for the last two full calendar years. The group has significant liquidity, and its funding facilities are long term in nature, whilst the majority of the interest charge recorded in the financial statements was non-cash in nature. The directors have prepared trading and cash flow forecasts for at least the next 12 months which indicate that the group will operate within its available funding facilities. In addition, the forecasts show that the group will comply with the financial covenants that are set under its funding facilities.

The directors have applied reasonable downside sensitivities to their forecasts which suggest the group will continue to operate within the facilities and the financial covenant requirements.

For these reasons, after making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for at least the next 12 months and for the foreseeable future thereafter.

## **Project Excalibur Midco 1 Limited**

### **Directors' report (continued) For the period ended 31 December 2019**

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the board on 29 May 2020 and signed on its behalf.



**David Calder**  
Director

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Project Excalibur Midco 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of the result for the 288 day period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income; the Statement of changes in equity for the 288 day period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

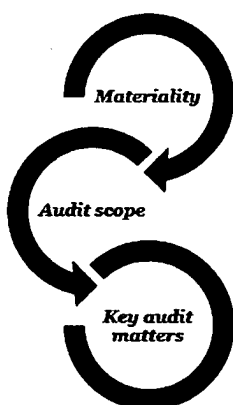
#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Our audit approach**

#### *Overview*



- Overall materiality: £377,322 based on 1% of Total Assets.
  - We conducted an audit of the complete financial information of the company
  - Impact of COVID-19 pandemic
-

## Project Excalibur Midco 1 Limited

### Independent auditors' report to the members of Project Excalibur Midco 1 Limited (continued)

#### Our audit approach (continued)

##### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

##### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Impact of COVID-19 pandemic</b>  As set out in the Strategic report, the Director's have considered the potential impact of the non-adjusting post balance sheet events that have been caused by the global pandemic of COVID-19.  Because of its significance to the financial statements and to our audit, we concluded that the uncertainty created by the COVID-19 pandemic on the financial performance and viability of the entity was a key audit matter.	<p>We have addressed this key audit matter as follows:</p> <ul style="list-style-type: none"><li>• Considered whether or not the pandemic has any impact on the Company's ability to meet its ongoing obligations, taken into account the impact on the performance of the Company's trading subsidiary and the terms and conditions of the Company's liabilities;</li><li>• Considered the adequacy of the disclosures included within the Strategic report in relation to the impact;</li></ul> <p>Based on the above we consider the impact upon the company to be low. Refer to 'Conclusions related to Going Concern' section further in the report. We also consider the disclosures included elsewhere to be adequate.</p>

##### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is an intermediary holding company within the Project Excalibur Topco Group which owns the trading company, Adarma Limited.

Where possible, we completed the audit of the company from the offices where all books and records are maintained.

##### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Project Excalibur Midco 1 Limited

### Independent auditors' report to the members of Project Excalibur Midco 1 Limited (continued)

#### Our audit approach (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£377,322
<b>How we determined it</b>	1% of Total Assets
<b>Rationale for benchmark applied</b>	We believe that total assets is the most relevant benchmark for shareholders given that the entity is a holding company and this is a generally accepted auditing benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above £16,928 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **Project Excalibur Midco 1 Limited**

### **Independent auditors' report to the members of Project Excalibur Midco 1 Limited (continued)**

#### **Reporting on other information (continued)**

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

##### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

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**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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Paul Cheshire (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

29 May 2020

**Project Excalibur Midco 1 Limited**

**Statement of comprehensive income  
For the period ended 31 December 2019**

	<b>Note</b>	<b>9 months period ended 31 December 2019 £</b>
Interest receivable and similar income	7	3,700,042
Interest payable and similar expenses	8	(3,700,042)
<b>Result before taxation</b>		<u>-</u>
Tax on result	9	-
<b>Result for the financial period</b>		<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>-</u></u>

The notes on pages 14 to 22 form part of these financial statements.

**Project Excalibur Midco 1 Limited**  
**Registered number: 11887555**

**Statement of financial position**  
**As at 31 December 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>
<b>Fixed assets</b>			
Investments	10		1
			<u>1</u>
<b>Current assets</b>			
Debtors	11	61,730,024	
		<u>61,730,024</u>	
Creditors: amounts falling due within one year	12	(23,997,812)	
		<u>(23,997,812)</u>	
<b>Net current assets</b>			<b>37,732,212</b>
			<u>37,732,212</u>
<b>Total assets less current liabilities</b>			<b>37,732,213</b>
Creditors: amounts falling due after more than one year	13		(37,732,212)
			<u>(37,732,212)</u>
<b>Net assets</b>			<b>1</b>
			<u>1</u>
<b>Capital and reserves</b>			
Called up share capital	15		1
			<u>1</u>
<b>Total shareholders' funds</b>			<b>1</b>
			<u>1</u>

The financial statements on pages 11 to 22 were approved and authorised for issue by the board and were signed on its behalf on 29 May 2020.

*M. Grafton*

**Mark Grafton**  
Director

The notes on pages 14 to 22 form part of these financial statements.

**Project Excalibur Midco 1 Limited**

**Statement of changes in equity  
For the period ended 31 December 2019**

	<b>Called up share capital</b>	<b>Total shareholders' funds</b>
	<b>£</b>	<b>£</b>
At 18 March 2019 (incorporation)	-	-
<b>Comprehensive income for the period</b>		
Result for the financial period	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>
Shares issued during the period	<b>1</b>	<b>1</b>
<b>Total transactions with owners</b>	<b>1</b>	<b>1</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>1</b>

The notes on pages 14 to 22 form part of these financial statements.

## **Project Excalibur Midco 1 Limited**

### **Notes to the financial statements For the period ended 31 December 2019**

#### **1. General information**

The principal activity of the company is that of a holding company. The company was incorporated on 18 March 2019.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales, within the United Kingdom. The address of its registered office is 100 Wood Street, London, United Kingdom, EC2V 7AN.

#### **2. Statement of compliance**

The financial statements of Project Excalibur Midco 1 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Accounting policies**

##### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied consistently unless otherwise specified:

##### **3.2 New standards, amendments and interpretations issued but not yet effective**

The FRC completed its triennial review of FRS 102 in December 2017. The key amendments which are effective from 1 January 2019 have no material impact on the company

##### **3.3 Going concern**

The directors have prepared the financial statements on a going concern basis which they believe to be appropriate for the following reasons.

The group has generated significant positive earnings before interest, tax, depreciation and amortisation in the period since acquisition, and the group's main trading entity Adarma Limited has generated significant positive earnings before interest, tax, depreciation and amortisation for the last two full calendar years. The group has significant liquidity, and its funding facilities are long term in nature, whilst the majority of the interest charge recorded in the financial statements was non-cash in nature. The directors have prepared trading and cash flow forecasts for at least the next 12 months which indicate that the group will operate within its available funding facilities. In addition, the forecasts show that the group will comply with the financial covenants that are set under its funding facilities.

The directors have applied reasonable downside sensitivities to their forecasts which suggest the group will continue to operate within the facilities and the financial covenant requirements.

For these reasons, after making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for at least the next 12 months and for the foreseeable future thereafter.

## **Project Excalibur Midco 1 Limited**

### **Notes to the financial statements For the period ended 31 December 2019**

#### **3. Accounting policies (continued)**

##### **3.4 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Project Excalibur Topco Limited, includes the company's cash flows in its own consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and 12.26 to 12.29, as the information is provided in the consolidated financial statements of the group; and
- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2019 it was a wholly owned subsidiary.

##### **3.5 Consolidation**

These statements contain information about the company as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its associated undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Project Excalibur Topco Limited, a company incorporated in England.

##### **3.6 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **3.7 Finance costs**

Finance costs are charged to the Statement of comprehensive income 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.

##### **3.8 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

##### **3.9 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **3.10 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.

## **Project Excalibur Midco 1 Limited**

### **Notes to the financial statements For the period ended 31 December 2019**

#### **3. Accounting policies (continued)**

##### **3.11 Creditors**

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

##### **3.12 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 comprehensive income.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

##### **3.13 Current taxation**

Tax is recognised in the Statement of comprehensive income, 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.

**Project Excalibur Midco 1 Limited**

**Notes to the financial statements  
For the period ended 31 December 2019**

**3. Accounting policies (continued)**

**3.14 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

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

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

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

There are no critical judgements in applying the entity's accounting policies.

**(b) Critical accounting estimates and assumptions**

There are no critical accounting estimates and assumptions

**5. Operating result**

The auditors' remuneration is borne by a fellow group undertaking, without recharge.

**6. Employees**

The company has no employees other than the directors, who did not receive any remuneration during the period.

Directors of the company have been remunerated by another entity in the group.

**7. Interest receivable and similar income**

	<b>9 months period ended 31 December 2019 £</b>
Interest receivable from subsidiary company	<b>3,700,042</b>

**Project Excalibur Midco 1 Limited**

**Notes to the financial statements  
For the period ended 31 December 2019**

**8. Interest payable and similar expenses**

	<b>9 months period ended 31 December 2019 £</b>
Interest payable to parent company	1,407,963
Interest payable to ultimate controlling party	2,292,079
	<hr/>
	<b>3,700,042</b>
	<hr/> <hr/>

**9. Tax on result**

	<b>9 months period ended 31 December 2019 £</b>
Total tax charge for the period	<hr/>
	<b>-</b>
	<hr/> <hr/>

**Project Excalibur Midco 1 Limited**

**Notes to the financial statements  
For the period ended 31 December 2019**

**9. Tax on result (continued)**

**Factors affecting tax charge for the period**

The tax assessed for the period is the same as than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	<b>9 months period ended 31 December 2019 £</b>
Result before taxation	-
Result before taxation multiplied by standard rate of corporation tax in the UK of 19%	-
<b>Effects of:</b>	
Group relief	<b>(435,495)</b>
Changes in tax rates	<b>45,842</b>
Deferred tax not recognised	<b>389,653</b>
<b>Total tax charge for the period</b>	<b>-</b>

**10. Investments**

	<b>Investments in subsidiary undertakings £</b>
<b>Cost or valuation</b>	
At 18 March 2019	-
Additions	<b>1</b>
At 31 December 2019	<b>1</b>
<b>Net book value</b>	
At 31 December 2019	<b>1</b>

**Subsidiary undertaking**

The following are subsidiary undertakings of the company:

## Project Excalibur Midco 1 Limited

### Notes to the financial statements For the period ended 31 December 2019

#### 10. Investments (continued)

##### Direct subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity	Registered address
Project Excalibur Midco 2 Limited	United Kingdom	Ordinary	100%	Holding company	100 Wood Street, London, United Kingdom, EC2V 7AN

The following are subsidiary undertakings of the company (continued):

##### Indirect subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity	Registered address
Adarma Limited (formerly ECS Security Ltd)	United Kingdom	Ordinary	100%	Cyber security services	Quay 1, 133 Fountainbridge, Edinburgh, Scotland, EH3 9QG
Project Excalibur Bidco Limited	United Kingdom	Ordinary	100%	Holding company	100 Wood Street, London, United Kingdom, EC2V 7AN
Vacta Ltd.	United Kingdom	Ordinary	100%	Dormant	Quay 1, 133 Fountainbridge, Edinburgh, Scotland, EH3 9QG

#### 11. Debtors

	<b>2019</b>
	<b>£</b>
Amounts owed by group undertakings	<b>61,730,024</b>

Amounts owed by group undertakings are unsecured, bear an effective interest of 10.4% and are repayable on demand. There is currently no intention of the group undertaking to call these amounts and the effective interest rate is based on current expectations between group companies as to when repayment will occur.

## Project Excalibur Midco 1 Limited

### Notes to the financial statements For the period ended 31 December 2019

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

	2019 £
Amounts owed to group undertakings	23,489,890
Accruals and deferred income	507,922
	<u>23,997,812</u>

Amounts owed to group undertakings are unsecured, bear an effective interest of 10.4% and are repayable on demand. There is currently no intention of the group undertaking to call these amounts and the effective interest rate is based on current expectations between group companies as to when repayment will occur.

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

	2019 £
Investor loan notes (note 14)	<u>37,732,212</u>

#### 14. Loans

On the 13 March 2020, the Company listed £35,948,055 of unsecured Investor Loan notes on The International Stock Exchange, Jersey. Investor loan notes carry a staged interest rate mechanism between 8% to 12% over the term of the loan, increasing annually. During 2019, an effective interest rate of 10.4% was used. Interest on this loan maybe satisfied in cash or through payment in kind (PIK) notices issued by the company. As at 31 December 2019, £nil interest has been satisfied through cash or through the issue of PIK notifications. The loan principal, as well as the rolled-up PIK notes, become fully payable on maturity in May 2025.

All borrowings are denominated in sterling.

The maturity profile of the carry amount and the group's borrowings were as follows:

	2019 £
Less than one year	-
In more than one year but less than two years	-
In more than two years but no more than five years	-
In more than five years	<u>37,732,212</u>

**Project Excalibur Midco 1 Limited**

**Notes to the financial statements  
For the period ended 31 December 2019**

**15. Called up share capital**

	<b>2019</b>
	<b>£</b>
<b>Allotted and fully paid</b>	
1 Ordinary share of £1	<b>1</b>
	<b>=====</b>

The company was incorporated on 18 March 2019 and issued and allocated 1 share at the nominal value of £1 per share.

**16. Related party transactions**

The company has taken advantage of the exemption under FRS 102 paragraph 33.1A "Related party disclosures" from disclosing transactions and balances with wholly owned group undertakings.

**17. Ultimate controlling party**

The company's ultimate and immediate parent company is Project Excalibur Topco Limited.

At the period end, the smallest and largest group of undertakings which has produced consolidated financial statements, and of which the company is a member, is Project Excalibur Topco Limited, a company incorporated in England. Group financial statements for this company are available from 100 Wood Street, London, United Kingdom, EC2V 7AN.

The ultimate controlling party is Livingbridge General Partner LLP and Livingbridge EP LLP by virtue of their shareholdings in Project Excalibur Topco Limited.