



NETCRAFT LTD

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 2022**

**REGISTRATION NUMBER
02161164**

NETCRAFT LTD

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NETCRAFT LTD

DIRECTORS AND OTHER INFORMATION

Directors	M H Prettejohn R Woodley	(Appointed 10 May 2022)
Secretary	F J Prettejohn	
Company number	02161164	
Registered office	2 Belmont Bath BA1 5DZ	
Auditor	Westcotts (SW) LLP Plym House 3 Longbridge Road Plymouth Devon PL6 8LT	

NETCRAFT LTD

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2022

Business review

Netcraft continued its mission to protect the world from cybercrime by detecting and mitigating pervasive, novel, and emerging threats at scale. Cyberattacks continue to increase in frequency, type, and sophistication, from malvertising to web shells. Phishing attacks remain ever-present, with criminals continuing to evolve their tactics in response to deployed countermeasures. Technical support scams have gained relevance over the past year. Criminals have increased efforts to pose as well-trusted organisations to convince victims into ceding remote control of their device with the goal of stealing money from victims' bank accounts.

Malvertising has been identified by Netcraft as a key trend. Criminals subvert online ad-network vetting processes, or lack thereof, to disseminate malware or links to phishing attacks via online adverts. Controlled traffic distribution systems are used to profile victims and direct them to targeted attacks, whilst employing controls to subvert traditional detection techniques.

Web shells have traditionally been used to escalate and gain persistence over compromised internet infrastructure, affording criminals the ability to upload further attacks and send malicious emails. Netcraft has successfully identified threat actors syndicating access to more advanced panels with novel features. Criminal groups have made use of these tools to target iCloud phish at specific phone theft victims to bypass on-device security controls.

The directors consider the key performance indicators of the business to be sales, gross margin and profit for the financial year, and these are summarised below:

	2022	2021
	£	£
Turnover	18,581,966	14,539,544
Gross Margin	88%	94%
Profit for the financial year	18,803	4,951,690

Turnover in the year increased by 28% to £18.6m. Over the past year Netcraft added over sixty new clients to its portfolio, spread across twenty different countries, from North America to the Asia-Pacific region. Cybercrime detection and takedown continue to be our leading service to inhibit cybercrime and protect our clients. We continue to attract substantial enterprises as new clients and extend the range of services taken by existing customers.

The reduction in gross margin to 88% is the result of investments made in 2022 to improve reliability and redundancy of hosting infrastructure, including migration of workload to AWS (Amazon Web Services) from on-premises hosting. We have also invested in building a solid foundation for our operations by recruiting experienced management and sales teams, as well as investing in accounting and customer relationship management systems, which has resulted in a reduction of profit for the financial year.

Research and Future Developments

We innovate to solve problems and to take advantage of identified opportunities. Consequently, a large proportion of our payroll is invested in research and development. One such innovation identified by Netcraft is live operator phishing attacks, where the criminal behind a phishing site uses stolen credentials in real-time, defeating many multi-factor authentication controls. Among the various areas of ongoing research and development is new sophisticated countermeasures against novel attack types leveraging large language model artificial intelligence.

Research and Development

NETCRAFT LTD

STRATEGIC REPORT (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties

The company faces many risks and uncertainties, some outside of our control. Key risks include the global economic downturn, with most economies facing high inflation rates, accompanied by high interest rates, resulting in reduced access to capital; competition from other companies who may be prepared to sustain a loss-making service which restricts our ability to profit from our services; competition for staff which may limit our ability to recruit successfully and any increase in barriers to trade which may constrain sales of our services globally.

Financial instruments

We have customers in over fifty countries and consequently are exposed to foreign exchange rate risk. We mitigate this by accepting payment in a set of currencies which are widely traded. The company did not make use of formally designated hedging arrangements or derivatives during the year.

Change in Control & Change in Corporate Structure

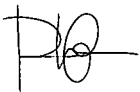
Netcraft Ltd experienced a change in control on March 22, 2022. NC Holdings, a newly incorporated entity, acquired 100% of the shares previously held by Michael Prettejohn. NC Holdings Ltd is a fully-owned subsidiary of newly incorporated entity NC TopCo. Spectrum Equity Management holds a controlling interest in NC TopCo, and Michael Prettejohn holds a minority interest. This acquisition has resulted in changes to the Board of Directors, with Ryan Woodley being appointed as a Director of Netcraft Ltd.

Effective March 22nd, 2022, Netcraft Ltd incorporated a fully-owned subsidiary in the United States named Netcraft Americas. The objective is to establish a physical presence in North America, which is a key market in Netcraft's growth strategy.

Effective December 28th, 2022, Netcraft Ltd incorporated a fully-owned subsidiary in Australia named Netcraft Asia-Pacific, which subsequently acquired another entity in the region as referenced on note 23 "Post balance sheet events".

We anticipate that the change in control and the changes in the corporate structure will enable Netcraft to access new resources and open new markets that will help us to continue delivering exceptional value to our customers and our employees.

This report was approved by the board of directors on 27 June 2023 and signed on behalf of the board by:



R Woodley
Director

NETCRAFT LTD

DIRECTORS' REPORT YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements of the company for the year ended 30 September 2022.

Directors

The directors who served the company during the year were as follows:

M H Prettejohn

R Woodley

(Appointed 10 May 2022)

Dividends

The directors recommend an interim dividend of £18,966,397.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

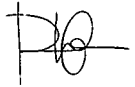
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

NETCRAFT LTD

**DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2022**

This report was approved by the board of directors on 27 June 2023 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'R Woodley', written over a horizontal line.

R Woodley
Director

NETCRAFT LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETCRAFT LTD YEAR ENDED 30 SEPTEMBER 2022

Opinion

We have audited the financial statements of Netcraft Ltd (the 'company') for the year ended 30 September 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 30 September 2022 and of its profit 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.

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. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

NETCRAFT LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETCRAFT LTD (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 strategic report or the directors' report.

We have nothing to report in respect of the following matters where 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 the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 either intend 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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management. We communicated identified laws and regulations throughout our team, and remained alert to any indications of non-compliance throughout the audit.

NETCRAFT LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETCRAFT LTD (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

- The company is subject to laws and regulations that govern the preparation of the financial statements, including financial reporting legislation, and other companies legislation. The company is also subject to other laws and regulations where the consequences of non-compliance could have a material impact on the amounts or disclosures within the financial statements, including employment, anti-bribery, anti-money laundering and certain aspects of companies legislation.
- Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. In any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our 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.

NETCRAFT LTD

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NETCRAFT LTD (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2022**

Westcotts (SW) LLP

Adam Croney ACA (Senior Statutory Auditor)

For and on behalf of
Westcotts (SW) LLP
Chartered Accountants and Statutory Auditor
Plym House
3 Longbridge Road
Plymouth
Devon
PL6 8LT

28 June 2023

NETCRAFT LTD

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Turnover	4	18,581,966	14,539,544
Cost of sales		(2,163,656)	(895,746)
Gross profit		16,418,310	13,643,798
Administrative expenses		(16,500,667)	(8,465,542)
Other operating income	5	94,993	513,625
Operating profit	6	12,636	5,691,881
Other interest receivable and similar income	9	6,267	821
Profit before taxation		18,903	5,692,702
Tax on profit	10	881,807	(741,012)
Profit for the financial year and total comprehensive income		900,710	4,951,690

All the activities of the company are from continuing operations.

The notes on pages 15 to 24 form part of these financial statements.

NETCRAFT LTD

**STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2022**

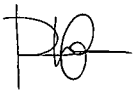
	Note	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	11	<u>292,179</u>		<u>15,366,589</u>	
			292,179		15,366,589
Current assets					
Debtors	12	2,023,992		587,592	
Cash at bank and in hand		<u>13,060,900</u>		<u>15,821,574</u>	
		15,084,892		16,409,166	
Creditors: amounts falling due within one year	13	<u>(10,934,832)</u>		<u>(7,955,241)</u>	
Net current assets			<u>4,150,060</u>		<u>8,453,925</u>
Total assets less current liabilities			<u>4,442,239</u>		<u>23,820,514</u>
Provisions for liabilities	14		(42,187)		(1,354,775)
Net assets			<u><u>4,400,052</u></u>		<u><u>22,465,739</u></u>
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss account	19		<u>4,399,052</u>		<u>22,464,739</u>
Shareholders funds			<u><u>4,400,052</u></u>		<u><u>22,465,739</u></u>

The notes on pages 15 to 24 form part of these financial statements.

NETCRAFT LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 SEPTEMBER 2022

These financial statements were approved by board of directors and authorised for issue on ~~21.6.23~~, and are signed on behalf of the board by:



R Woodley
Director

Company registration number: 02161164

The notes on pages 15 to 24 form part of these financial statements.

NETCRAFT LTD**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 October 2020	1,000	17,593,049	17,594,049
Profit for the year		4,951,690	4,951,690
Total comprehensive income for the year	-	4,951,690	4,951,690
Dividends paid and payable		(80,000)	(80,000)
Total investments by and distributions to owners	-	(80,000)	(80,000)
At 30 September 2021 and 1 October 2021	1,000	22,464,739	22,465,739
Profit for the year		900,710	900,710
Total comprehensive income for the year	-	900,710	900,710
Dividends paid and payable		(18,966,397)	(18,966,397)
Total investments by and distributions to owners	-	(18,966,397)	(18,966,397)
At 30 September 2022	1,000	4,399,052	4,400,052

NETCRAFT LTD**STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2022**

	2022	2021
	£	£
Cash flows from operating activities		
Profit for the financial year	900,710	4,951,690
<i>Adjustments for:</i>		
Depreciation of tangible assets	267,405	111,851
Other interest receivable and similar income	(6,267)	(821)
Gain/(loss) on disposal of tangible assets	984,629	(371,919)
Tax on profit	(881,807)	741,012
Accrued expenses	100,255	67,881
<i>Changes in:</i>		
Trade and other debtors	(1,105,458)	(55,250)
Trade and other creditors	2,117,613	2,251,692
Cash generated from operations	2,377,080	7,696,136
Interest received	6,267	821
Net cash from operating activities	<u>2,383,347</u>	<u>7,696,957</u>
Cash flows from investing activities		
Purchase of tangible assets	(227,624)	(1,513,112)
Proceeds from sale of tangible assets	14,050,000	1,355,923
Net cash from/(used in) investing activities	<u>13,822,376</u>	<u>(157,189)</u>
Cash flows from financing activities		
Equity dividends paid	(18,966,397)	(80,000)
Net cash used in financing activities	<u>(18,966,397)</u>	<u>(80,000)</u>
Net (decrease)/increase in cash and cash equivalents	(2,760,674)	7,459,768
Cash and cash equivalents at beginning of year	15,821,574	8,361,806
Cash and cash equivalents at end of year	<u>13,060,900</u>	<u>15,821,574</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 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 2 Belmont, Bath, BA1 5DZ.

Principal activity

The principal activity of the company continued to be the provision of internet security services.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the rendering of services through long-term contracts is recognised by reference to the stage of completion of the contract.

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, 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 profit or loss.

Operating leases

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

Tangible assets

Tangible assets are recorded at cost, and are 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.

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:

Freehold property	- 2%	straight line
Building improvements	- 6%	straight line
Plant and machinery	- 33%	straight line
Fittings fixtures and equipment	- 15%	straight line

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

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

Impairment

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.

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 are largely independent of the cash inflows from other assets or groups of assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowing or current liabilities.

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 in finance costs 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.

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.

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

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 in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Rendering of services	18,581,966	14,539,544

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Rental income	94,993	513,625

6. Operating profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of tangible assets	267,405	315,368
(Gain)/loss on disposal of tangible assets	984,629	(371,919)
Foreign exchange differences	(672,924)	503,820
Fees payable for the audit of the financial statements	31,750	7,500

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2022

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
Technical Staff	98	97

The aggregate payroll costs incurred during the year were:

	2022	2021
	£	£
Wages and salaries	11,244,905	5,814,693
Social security costs	1,421,098	660,683
Other pension costs	965,047	514,460
	<u>13,631,050</u>	<u>6,989,836</u>

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	<u>389,258</u>	<u>10,045</u>

Remuneration of the highest paid directors in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	<u>195,458</u>	<u>-</u>

9. Other interest receivable and similar income

	2022	2021
	£	£
Bank deposits	<u>6,267</u>	<u>821</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2022

10. Tax on profit

Major components of tax income/expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	430,781	-
Deferred tax:		
Origination and reversal of timing differences	(1,312,588)	741,012
Tax on profit	<u>(881,807)</u>	<u>741,012</u>

Reconciliation of tax income/expense

The tax assessed on the profit for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

	2022	2021
	£	£
Profit before taxation	18,903	5,692,702
Profit multiplied by rate of tax	3,592	1,081,613
Effect of capital allowances and depreciation	-	33,803
Permanent differences	221,399	-
Change in tax rates	(417,699)	-
Group relief for no payment	(166,077)	-
Research and Development Expenditure Credit Adjustment	(950,847)	(924,255)
Prior year deferred tax movements (change in rates)	427,825	(10,035)
Capital gain not reflected	-	(71,154)
Deferred tax on assets recategorised	-	641,074
Pension accrual	-	(10,034)
Tax on profit	<u>(881,807)</u>	<u>741,012</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2022

11. Tangible assets

	Freehold property £	Leasehold property improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 October 2021	15,670,034	-	743,082	132,651	16,545,767
Additions	-	19,063	162,333	46,228	227,624
Disposals	(15,670,034)	-	(957)	-	(15,670,991)
At 30 September 2022	<u>-</u>	<u>19,063</u>	<u>904,458</u>	<u>178,879</u>	<u>1,102,400</u>
Depreciation					
At 1 October 2021	545,987	-	549,286	83,905	1,179,178
Charge for the year	89,427	758	159,993	17,227	267,405
Disposals	(635,414)	-	(948)	-	(636,362)
At 30 September 2022	<u>-</u>	<u>758</u>	<u>708,331</u>	<u>101,132</u>	<u>810,221</u>
Carrying amount					
At 30 September 2022	<u>-</u>	<u>18,305</u>	<u>196,127</u>	<u>77,747</u>	<u>292,179</u>
At 30 September 2021	<u>15,124,047</u>	<u>-</u>	<u>193,796</u>	<u>48,746</u>	<u>15,366,589</u>

Included within Freehold Property is £Nil (2021: £6,692,084) of investment property.

12. Debtors

	2022 £	2021 £
Trade debtors	950,592	327,538
Prepayments and accrued income	700,634	208,834
Other debtors	372,766	51,220
	<u>2,023,992</u>	<u>587,592</u>

13. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	348,777	27,756
Amounts owed to group undertakings	1,696,212	-
Accruals and deferred income	7,711,469	7,094,881
Social security and other taxes	992,262	641,352
Other creditors	186,112	191,252
	<u>10,934,832</u>	<u>7,955,241</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

14. Provisions

	Deferred tax (note 15)	Total
	£	£
At 1 October 2021	1,354,775	1,354,775
Additions	(1,312,588)	(1,312,588)
At 30 September 2022	<u>42,187</u>	<u>42,187</u>

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£	£
Included in provisions (note 14)	<u>42,187</u>	<u>1,354,775</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2022	2021
	£	£
Accelerated capital allowances	42,187	1,924,798
Unused tax losses	-	(559,988)
Taxable temporary differences	-	(10,035)
	<u>42,187</u>	<u>1,354,775</u>

16. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £965,047 (2021: £514,460).

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2022

17. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022	2021
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	949,124	288,102
Other debtors	358,852	53,211
	<u>1,307,976</u>	<u>341,313</u>
Financial liabilities measured at amortised cost		
Trade creditors	348,777	30,354
Other creditors	1,882,324	214,767
Deferred income	7,188,876	7,003,485
	<u>9,419,977</u>	<u>7,248,606</u>

**18. Called up share capital
 Issued, called up and fully paid**

	2022		2021	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

19. Reserves

Profit and loss account:

This reserve records retained earnings and accumulated losses.

20. Analysis of changes in net debt

	At 1 October 2021	Cash flows	At 30 September 2022
	£	£	£
Cash and cash equivalents	15,821,574	(2,760,674)	13,060,900

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2022

21. Operating leases

The company as lessee

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

	2022	2021
	£	£
Not later than 1 year	496,107	-
Later than 1 year and not later than 5 years	1,666,376	-
	<u>2,162,483</u>	<u>-</u>

22. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2022	2021	2022	2021
	£	£	£	£
N K Prettejohn	-	1,150,000	-	-
M H Prettejohn	15,034,624	-	-	-
M H Prettejohn	234,149	-	-	-
	<u>15,268,773</u>	<u>1,150,000</u>	<u>-</u>	<u>-</u>

N K Prettejohn is the son of M H Prettejohn, director of the reporting entity. On 23 December 2020, freehold property with a book value of £775,564 was sold to N K Prettejohn at market value of £1,150,000, and this transaction is reflected in the financial statements of the comparative year.

During the year, freehold property with a combined book value of £15,034,624 was sold to Catherine Place Limited, Belmont Lansdown Limited and Green Park View Limited, at a combined market value of £14,040,000. Catherine Place Limited, Belmont Lansdown Limited and Green Park View Limited are all companies under the control of M H Prettejohn, a director of the reporting entity. The transactions are reflected in the financial statements of the current year.

During the year, the company entered into rental agreements with Catherine Place Limited, Belmont Lansdown Limited and Green Park View Limited. All three entities are under the control of M H Prettejohn, a director of the reporting entity. The rental expense recognised in the income statement in relation to the three entities totals £234,149.

23. Post balance sheet events

On 28 December 2022, Netcraft Ltd acquired a wholly owned subsidiary, Netcraft Asia-Pacific. Netcraft Asia-Pacific subsequently acquired a wholly owned subsidiary in the Asia-Pacific region.