

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

**SURFCONTROL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

---

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
COMPANY INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS	6
INDEPENDENT AUDITORS' REPORT	7
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF CHANGES IN EQUITY	11
BALANCE SHEET	12
NOTES TO THE FINANCIAL STATEMENTS	13

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

---

**COMPANY INFORMATION**

**DIRECTORS**

Matthew Santangelo  
Ian Wilson  
Laurie O'Brien

**COMPANY NUMBER**

01566321

**REGISTERED OFFICE**

420 Thames Valley Park Drive,  
Reading,  
Berkshire,  
United Kingdom,  
RG6 1PT.

**BANKERS**

Bank of America,  
No. 26, Elmfield,  
Bromley,  
Kent,  
BR1 1WA,  
United Kingdom.

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers,  
Chartered Accountants and Statutory Audit Firm,  
One Spencer Dock,  
North Wall Quay,  
Dublin 1,  
Republic of Ireland.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

---

**STRATEGIC REPORT**

*PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS*

The Company acts primarily as a holding company.

The Company's key financial and other performance indicators during the year were as follows:

	2020 \$'000	2019 \$'000	Change %
Operating gain / (loss)	14	(8)	275%
Profit / (loss) before taxation	14	(8)	275%
Shareholders' funds	53,840	53,826	0%
Creditors: amounts falling due within one year	10,777	10,777	0%

The profit in 2020 is unrealised gains on foreign currency transactions which were offset against tax and accounting fees and bank charges for the year. The loss in 2019 is tax and accounting fees and bank charges for the year. Shareholders' funds have remained similar to the prior year.

*RESULT FOR THE FINANCIAL YEAR AND DIVIDEND*

During the year the Company made a profit before taxation of \$14,000 (2019: loss \$8,000). The Directors do not recommend a dividend in the current year (2019: \$Nil).

*FUTURE DEVELOPMENTS*

The Directors are reviewing the Company's operations and its interest in other related Group undertakings.

*PRINCIPAL RISKS AND UNCERTAINTIES*

The Company does not face significant risk or uncertainty as it is effectively an intermediate holding company within the Forcepoint Group with limited external creditors. Technical and financial support would be provided by other members of the Group in the event of any major claim by a third party for defective software or infringement of patent rights.

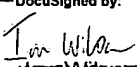
*FINANCIAL RISK MANAGEMENT*

Due to the nature of its intercompany contracts the Company is not exposed to material financial risk.

Having reviewed the key financial and other indicators the Directors are satisfied with the Company's financial performance for the year.

Approved by the Directors on 08 October 2021.

Signed

DocuSigned by:  
  
IAN WILSON  
Director

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

---

**DIRECTORS' REPORT**

The Directors present herewith their report and the audited financial statements, prepared in accordance with Generally Accepted Accounting Practice in the United Kingdom for the financial year ended 31 December 2020.

*DIRECTORS*

The names of the persons who served as Directors during the financial year are set out below. Unless indicated otherwise, they served for the entire year.

Matthew Santangelo  
Ian Wilson  
Nuala Takovac (resigned 23 September 2020)  
Laurie O'Brien (appointed 23 September 2020)

*DIRECTORS' INTERESTS IN SHARES AND SHARE BASED BENEFITS*

None of the Directors who held office at the end of the financial year have had any interest in shares of the Company or options over the Company's shares.

*INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS*

During the financial year, Forcepoint LLC, an intermediate parent entity, paid insurance premiums on behalf of the Company in respect of Directors' and officers' liability. Such insurance contracts insure against certain liabilities (subject to specific exclusions) on behalf of those persons who are or have been Directors or officers of the Company.

*IMPORTANT EVENTS SINCE YEAR END*

On October 19, 2020, Raytheon Technologies entered into a definitive agreement with Francisco Partners, a leading global investment firm that specializes in partnering with technology and technology-enabled businesses, to acquire Forcepoint. The transaction was completed on January 8, 2021.

*SHARE CAPITAL*

The issued share capital of the Company at 31 December 2020 was 100 ordinary shares of UK£0.10 each (31 December 2019: 100 ordinary shares of UK£0.10). Further details are given in note 9 to the financial statements.

*GOING CONCERN*

In considering the going concern of the Company the Directors have considered the fact that the Company shows net current liabilities on the balance sheet. The net liabilities position arises principally due to significant intercompany balances payable to other group companies. Forcepoint LLC, an intermediate parent undertaking, has provided a commitment to the Company that it will continue to provide financial support for a period of at least 12 months from the date of Directors' approval of these financial statements.

Directors have considered the ability of other group companies to provide expense reimbursement and have considered the potential impact of Covid-19 on the group. Accordingly, the Directors of the Company are satisfied that adequate financing will be available to enable the Company to meet its liabilities as they fall due for the foreseeable future and consequently that it is appropriate to prepare the financial statements on a going concern basis.

*DISCLOSURE OF INFORMATION TO AUDITORS*

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and the Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

---

**DIRECTORS' REPORT - continued**

*RE-APPOINTMENT OF AUDITORS*

The Directors intend to recommend the appointment of a new statutory auditor at the company's annual general meeting. PwC have indicated that they will resign as the company's auditor once their opinion on the company's financial statements in respect of the year ended 31 December 2020 has been issued.

*DIVIDEND*

Discussed in the Strategic Report, see page 3.

*FUTURE DEVELOPMENTS*

Discussed in the Strategic Report, see page 3.

*FINANCIAL RISK MANAGEMENT*

Discussed in the Strategic Report, see page 3.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 01566321**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Directors' 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:

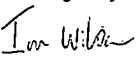
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Directors 08 October 2021.

DocuSigned by:  
  
IAN WILSON  
Director



## ***Independent auditors' report to the members of SurfControl Limited***

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

---

#### **Opinion**

In our opinion, SurfControl Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance 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 Directors' report and Financial Statements, which comprise:

- the balance sheet as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the notes to the financial statements, which include a description of the significant accounting policies.

---

#### **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.

---

#### **Conclusions relating to going concern**

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.

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.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.





---

## **Reporting on other information**

The other information comprises all of the information in the Directors' report and Financial Statements 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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 year ended 31 December 2020 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.

---

## **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 Directors' report and the Financial Statements, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.



Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the company are limited as it is a holding company, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of manual journals to manipulate financial performance and managements' judgements for appropriateness around recoverability of intercompany debtors. Audit procedures performed included:

- discussions with management, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing Board Minutes;
- confirmation with those charged with governance in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulations;
- testing of journal entries posted throughout the period and at period end; and
- evaluating management's judgements for appropriateness around recoverability of intercompany debtors and indicators of bias based on our knowledge and understanding of the company and the requirements of the reporting framework, the evidence obtained from our detailed audit procedures and assessing events occurring up to the date of the auditor's report.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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**

---

### **Companies Act 2006 exception reporting**

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

- we have not obtained 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.

Gareth Hynes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Dublin  
8 October 2021

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2020**

	<i>Note</i>	<i>2020</i> <i>\$'000</i>	<i>2019</i> <i>\$'000</i>
Turnover		-	-
Cost of sales		-	-
Gross results		-	-
General and administrative gain / (expense)		14	(8)
Operating loss		14	(8)
Gain / (loss) before taxation	4	14	(8)
Tax on gain / (loss)	6	-	-
Gain / (loss) for the financial year	11	14	(8)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the financial year		14	(8)

The Company has no gains or losses or movement in reserves for the year other than the results above.

The notes on pages 13 to 20 form an integral part of these financial statements.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2020**

	<i>Called up Share capital \$'000</i>	<i>Capital redemption reserve \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total shareholders' funds \$'000</i>
At 1 January 2019	-	882	52,952	53,834
Loss for the financial year 2019	-	-	(8)	(8)
At 31 December 2019	-	882	52,944	53,826
Profit for the financial year 2020	-	-	14	14
At 31 December 2020	-	882	52,958	53,840

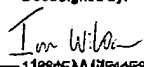
**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**BALANCE SHEET**  
**As at 31 December 2020**

	Note	2020 \$'000	2019 \$'000
<b>NON CURRENT ASSETS</b>			
Investments	7	64,433	64,433
<b>TOTAL FIXED ASSETS</b>		<b>64,433</b>	<b>64,433</b>
<b>CURRENT ASSETS</b>			
Debtors	8	125	114
Cash at bank and in hand		59	56
<b>TOTAL CURRENT ASSETS</b>		<b>184</b>	<b>170</b>
<b>CREDITORS: amounts falling due within one year</b>	9	<b>(10,777)</b>	<b>(10,777)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(10,593)</b>	<b>(10,607)</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>53,840</b>	<b>53,826</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10, 11	-	-
Capital redemption reserve	11	882	882
Retained earnings	11	52,958	52,944
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>53,840</b>	<b>53,826</b>

The notes on pages 13 to 20 form an integral part of these financial statements.

The financial statements on pages 10 to 20 were approved by the Board of Directors on 08 October 2021 and signed on its behalf by:

DocuSigned by:  
  
 1844715079...  
 Director

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**1. GENERAL INFORMATION**

SurfControl Limited is a company limited by shares, incorporated in the United Kingdom. It has its registered office at 420 Thames Valley Park Drive, Reading, Berkshire, United Kingdom, RG6 1PT. The Company acts primarily as a holding company.

**2. ACCOUNTING POLICIES**

*(a) Statement of compliance*

The financial statements of SurfControl Limited have been prepared in accordance with United Kingdom Accounting Standards, including the Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and Companies Act, 2006.

*(b) Basis of accounting*

The financial statements are prepared in accordance with applicable UK generally accepted accounting practice, and the Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention. The Company has availed of the exemption in FRS 102 Section 33.1A, which exempts subsidiary undertakings from the requirement to give details of transactions with group entities where 100% of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The accounting policies have been applied consistently unless otherwise stated.

*(c) Exemptions*

The Company has availed of the exemption in FRS 102, Section 1.12 (b), (c) and (e), as its parent company as at 31 December 2020 Raytheon Company prepares publicly available consolidated financial statements. Note 16 to the financial statements contains further information on the Company's parent. The shareholders have been notified in writing of the use of this exemption. FRS102 Section 1.12 (b) relates to requirement to prepare cash flow statement. FRS 102 Section 1.12 (c) relates to financial instruments. FRS 102 Section 1.12 (e) relates to key management personnel compensation.

*(d) Going concern*

In considering the going concern of the Company the Directors have considered the fact that the Company shows net current liabilities on the balance sheet. The net liabilities position arises principally due to significant intercompany balances payable to other group companies. Forcepoint LLC, an intermediate parent undertaking, has provided a commitment to the Company that it will continue to provide financial support for a period of at least 12 months from the date of Directors' approval of these financial statements.

Directors have considered the ability of other group companies to provide expense reimbursement and have considered the potential impact of Covid-19 on the group. Accordingly, the Directors of the Company are satisfied that adequate financing will be available to enable the Company to meet its liabilities as they fall due for the foreseeable future and consequently that it is appropriate to prepare the financial statements on a going concern basis.

*(e) Consolidated group financial statements*

The Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. As such these financial statements present information about the Company as an individual undertaking rather than information about its group. Note 16 to the financial statements contains further information on the Company's parent.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

**2. ACCOUNTING POLICIES (Continued)**

*(f) Foreign currencies*

The functional currency of the Company is US dollars, which is the currency of the Company's assets and liabilities. Accordingly amounts in the financial statements are denominated in US dollars. Transactions denominated in a foreign currency are translated at the prevailing exchange rate or an appropriate average rate for the period. Monetary assets and liabilities denominated in a foreign currency are translated at the relevant balance sheet rate of exchange, with exchange differences arising being recognised in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency stated at historical cost are translated at the rate prevailing when the asset or liability was first recognised.

*(g) Taxation and deferred taxation*

Current tax is recognised based on tax rates and laws in effect during the year. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more or a right to pay less tax in the future.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*(h) Investments*

Investments principally relate to the Company's investment in subsidiary undertakings and long term balances with subsidiary and other group companies, are stated at cost less any provisions for impairment in value.

Fixed asset investments are subject to an annual review for indications of impairment. If the carrying value of an asset is in excess of the higher of net realisable value and fair value in use an impairment is recognised, unless support from other group companies has been received in relation to recoverability of the balance.

*(i) Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

*(j) Financial instruments*

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

**2. ACCOUNTING POLICIES (Continued)**

*(j) Financial instruments (Continued)*

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.



**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

No significant judgments or estimates have had to be made by management in preparing these financial statements.

The Company's investments in subsidiaries are carried at historical cost less accumulated impairment losses. No impairment charges have been recognised in respect of the Company's financial assets.

**4. LOSS BEFORE TAXATION**

	2020 \$'000	2019 \$'000
Loss before tax is after charging/(crediting):		
Reversal of previous impairment (note (a))	-	-
Foreign exchange (gains) / losses	(21)	-
Auditors' remuneration	7	8

(a) Relates to a reversal of previous impairment of intercompany investment balance.

Auditors' remuneration for work carried out for the Company in respect of the financial year is as follows:

Audit of entity financial statements	7	8
--------------------------------------	---	---

**5. EMPLOYEE INFORMATION**

There were no employees of the Company (2019: Nil). The directors did not receive any emoluments during the year for their services to the Company (2019: Nil).

**6. TAX ON PROFIT / (LOSS)**

**a) Analysis of charge in the year**

	2020 \$'000	2019 \$'000
<i>Current tax</i>		
UK corporate tax	-	-
Adjustments in respect of prior period	-	-
<i>Current tax charge</i>	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Change in tax rate	-	-
<i>Total deferred tax charge</i>	-	-
<i>Total tax charge</i>	-	-

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

**6. TAX ON PROFIT / (LOSS) (Continued)**

b) Factors affecting the current tax charge

The current tax charge for the year differs from the amount computed by applying the standard rate of corporation tax in the United Kingdom 19% (2019: 19.00%) to the loss before taxation.

The sources and tax effects of the differences are explained below:

	2020 \$'000	2019 \$'000
<i>Profit / (loss) before taxation</i>	14	(8)
Loss multiplied by the standard tax rate of 19% (2019: 19.00%)	3	(2)
<i>Factors affecting the tax charge:</i>		
Expenses not deductible for tax purposes	1	2
Income not taxable for tax purposes	-	-
Effects of group relief / other reliefs	(4)	-
Adjustments to tax charge in respect of previous years losses	-	-
<i>Total tax charge</i>	-	-

In the Spring Budget 2021, the UK Government announced that the headline UK corporation tax rate would increase from 19% to 25% from 1 April 2023 on profits in excess of £250,000. A small profits rate of 19% will apply to profits of £50,000 or less and for companies with profits in between these amounts there will be a gradual increase in the effective corporation tax rate. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date would be Nil.

**7. INVESTMENTS**

	2020 \$'000	2019 \$'000
<i>Investments in subsidiary undertakings (a):</i>		
Cost at 1 January	45,358	45,358
At 31 December	45,358	45,358
<i>Amounts owed by related undertakings (b):</i>		
At 1 January	19,075	19,075
Movement	-	-
At 31 December	19,075	19,075
<i>Total investments in subsidiaries</i>	64,433	64,433

(a) The subsidiary undertakings of the Company at 31 December 2020 are shown in note 13.

(b) Amounts owed by related undertakings where they are deemed to form part of an investment in a subsidiary or group undertaking.

**SURCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

**8. DEBTORS**

	2020	2019
	\$'000	\$'000
Amounts owed by related group undertakings (a)	125	114
	<u>125</u>	<u>114</u>

(a) Amounts due from group and parent undertakings are interest free and are repayable on demand.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	\$'000	\$'000
Accruals	9	9
Corporation tax	-	-
Amounts owed to group undertakings (a)	62	62
Intercompany provision (b)	10,706	10,706
	<u>10,777</u>	<u>10,777</u>

(a) Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

(b) Provision has been made for uninvoiced intercompany obligations, owed to other group companies.

**10. CALLED UP SHARE CAPITAL**

At 31 December 2020 and 31 December 2019, the authorised share capital is denominated in UK sterling and consists of 1,000 ordinary shares of UK£0.10 each. The issued share capital of the Company at 31 December 2020 and 31 December 2019 in UK sterling was 100 ordinary shares with a paid up value of £10 (\$16). The Company's share capital has been translated into US \$ on a cumulative basis at exchange rates prevailing as and when the capital flows occurred.

There are no restrictions on the transfer of securities in the Company. All ordinary shares carry equal voting rights.

**11. RESERVES**

	<i>Called up Share capital</i>	<i>Capital redemption reserve</i>	<i>Retained Earnings</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000
As at 1 January 2020	-	882	52,944	53,826
Profit for the year	-	-	14	14
As at 31 December 2020	<u>-</u>	<u>882</u>	<u>52,958</u>	<u>53,840</u>

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2020 \$'000	2019 \$'000
Profit / (loss) after taxation	14	(8)
Increase / (decrease) in shareholders' funds	14	(8)
Opening shareholders' funds	53,826	53,834
Closing shareholders' funds	53,840	53,826

**13. SUBSIDIARY COMPANIES**

The Company's subsidiary undertakings are directly and wholly owned.

The Company's subsidiaries are listed below:

Subsidiary name	Country of Incorporation	Percentage of Ownership
SurfControl Inc.	United States	100%
SurfControl (China) Ltd	England and Wales	100%

**14. FINANCIAL COMMITMENTS**

The company had no financial commitments in respect to non-cancellable operating leases or capital commitments in the financial year.

**15. RELATED PARTY TRANSACTIONS**

The Company has availed of the exemption in FRS 2 Section 33.1A, which exempts subsidiary undertakings from the requirements to give details of transactions with group entities, where 100% of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included.

**16. ULTIMATE PARENT COMPANY**

The ultimate parent company and ultimate controlling party was Raytheon Technologies Corporation as at 31 December 2020, a company incorporated in the state of Delaware, United States of America. Copies of its consolidated financial statements are available to the public from Raytheon Company, 870 Winter Street, Waltham, Massachusetts 02451. As of the signing date of the Directors' report and Financial Statements the ultimate parent company and ultimate controlling party is Francisco Partners GP VI Management LLC.

**17. EVENTS SINCE THE BALANCE SHEET DATE**

On October 19, 2020, Raytheon Technologies entered into a definitive agreement with Francisco Partners, a leading global investment firm that specializes in partnering with technology and technology enabled businesses, to acquire the Forcepoint Group. The transaction was completed on January 8, 2021.

**SURFCONTROL LIMITED**  
**COMPANY REGISTRATION NUMBER 1566321**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020 (Continued)**

18. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved and authorised for issue the financial statements in respect of the financial year ended 31 December 2020 on 08 October 2021.