

Registration number: 05424046

# **SWORD GRC GROUP LIMITED**

Annual Report

for the Year Ended 31 December 2020



# **SWORD GRC GROUP LIMITED**

## **Contents**

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Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 11
Income Statement	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 21

# **SWORD GRC GROUP LIMITED**

## **Company Information**

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<b>Directors</b>	J F Mottard F Goosse
<b>Registered office</b>	1 Grenfell Road Maidenhead Berkshire SL6 1HN
<b>Auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

# **SWORD GRC GROUP LIMITED**

## **Strategic Report for the Year Ended 31 December 2020**

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The directors present their strategic report for the year ended 31 December 2020.

### **Principal activity**

The principal activity of the company is that of a holding company.

### **Our Core Business**

Sword GRC Group is the parent company for a group of companies that provide market leading governance, risk and compliance software solutions. These products allow organisations to identify, analyse and manage risks and to meet industry and local governance and compliance requirements. Its solutions enable organisations to collate risk and compliance data in one central place, facilitating better decision making and enabling improved business performance.

### **Our markets**

The subsidiaries focus on organisations with the following characteristics:

- Revenue in excess of \$1 billion
- Complex global operations
- Capital intensive contracts
- Increased regulation and compliance requirements
- Increased cost reduction requirements

Accordingly, they concentrate on the following market sectors:

- Aerospace & Defence
- Construction and Engineering
- Government
- Energy (including Oil & Gas, Mining and Utilities)
- Financial Services

### **The opportunity**

Our target customers of the subsidiaries typically wish to improve business performance in order to increase shareholder value. The effective identification, analysis and management of risk and compliance requirements are key components in improving both operational and financial performance.

For risk, executive-level assessment is often obscured by organisational silos and outdated or inefficient systems, leaving a performance gap between an organisation's expectations for risk management and what is actually realised.

For compliance, the regulatory landscape is a dynamic environment with new laws constantly being introduced. The implications of non-compliance are becoming increasingly more costly. As regulatory information often exists in multiple places across different functions, a centralised approach to compliance is needed to give a clear and consistent view across a business.

## **SWORD GRC GROUP LIMITED**

### **Strategic Report for the Year Ended 31 December 2020**

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#### **Fair review of the business**

The company is the intermediate holding company for the Sword GRC companies operating in the UK, USA, Australia and Europe.

The directors are satisfied with the performance for the year which is in line with expectations, as the company's affairs are simple, and expenditure is controllable.

As at the 31st December 2020 the company had cash at bank of £34,032 and net assets amounting to £11,000,297.

To further support our strategy, the Sword group reorganised its subsidiaries by transferring Magique Galileo Software Limited in to the Sword GRC Group on 1 January 2020. Also, on 1 January 2020, the trade, assets and liabilities, employees and intellectual property of two Sword GRC Group companies, Sword Achiever Limited and Magique Galileo Software Limited, were transferred at their book values into Sword GRC Limited as part of an internal restructuring project.

As a result of this reorganisation, the trading subsidiaries expanded their reach into the financial services and manufacturing sectors and added over 100 customers. Our product portfolio now includes Policy Management, Quality Management and Audit products, allowing us to go to market with a full suite of governance, risk and compliance solutions.

The company's major assets are its investments in its subsidiaries. The directors are satisfied with the performance of the subsidiaries, all of which have been profitable during the year.

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

The directors and management team oversee clear and effective risk management policies and procedures that cover all major financial transactions of the company. The directors are of the opinion that there is an adequate process in place to identify and evaluate principal risks.

The principal risks facing the company are similar to those risks that its subsidiaries face and are as follows:

- Theft of Intellectual Property - the company and its subsidiaries are ISO27001 accredited which ensures robust information security for all of our company data, including our Intellectual Property. Specifically, access to our source code is restricted to key authorised personnel and the code is held in a secure repository. The company's management team regularly discuss and monitor information security.
- Failure to deliver on customer promise - the company and its subsidiaries are ISO9001 accredited with customer satisfaction being one of our key quality objectives for 2020. We regularly communicate to our customers about our plans for the software at our annual global conferences and via local informal user groups, considering their feedback when drawing up the product roadmap. At an operational level, we have a dedicated 24/7 support desk which all customers have access to. Each customer has a service level agreement with a clearly defined escalation process to ensure quick resolution of any issues.
- Incorrect corporate/product strategy
- Competitor takes largest market share
- Loss of major customers

## **SWORD GRC GROUP LIMITED**

### **Strategic Report for the Year Ended 31 December 2020**

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#### **Assessment of likely impact of the United Kingdom's withdrawal from the European Union ("BREXIT") on the Company**

The directors believe that the overall climate of uncertainty that existed during 2020 due to the prospect of BREXIT affected people's confidence in general, which then of course transmitted into the business world.

The company's subsidiaries trade globally and continued to secure new customers outside of the UK and Europe, with 3 new customer wins in the Middle East & Africa during 2020. It is anticipated that clarity will re-emerge in 2021, giving rise to renewed confidence for the new year ahead.

In view of these risks and uncertainties, the directors are looking carefully at both existing and potential new markets and are actively developing new products to remain competitive.

#### **Assessment of impact of the COVID-19 pandemic and lockdown in the UK**

The COVID-19 pandemic has changed the business landscape in which the Company operates. Since March 2020, the Company has successfully implemented its' Business Continuity Plan to operate in its entirety from home offices, ensuring that it has been able to continue to offer all products and services to customers.

In the first half of 2020, the trading subsidiaries experienced a slowdown in the sales cycle meaning that it took longer to secure software licence sales, but customers still engaged with them and during the second half of 2020, they experienced a notable increase in sales of software and services.

At the date of this report, the directors envisage only a short term disruption to trading for the following reasons:

- over 65% of subsidiaries' revenues are derived from long term recurring maintenance and SaaS contracts;
- our customers are large, well-funded organisations in the Aerospace & Defence, Government, Energy and Financial Services sectors;
- the uncertainty caused by the current pandemic leads the directors to believe that businesses will focus and invest more in risk management; and
- currently, the trading subsidiaries are securing revenues at over 95% of budget (February 2021).

Any risk is further mitigated by a letter of support from the Company's ultimate parent confirming that financial support would be available were it to be needed.

#### **Financial instruments**

The company uses basic financial instruments, comprising cash and various other items, such as debtors, creditors and intercompany debt. The main purpose of these instruments is to raise funds for and finance the company's operations.

It is and has been throughout the year under review, the company policy that it does not undertake any trade in financial instruments.

The company does not enter into any formal hedging arrangements.

## SWORD GRC GROUP LIMITED

### Strategic Report for the Year Ended 31 December 2020

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#### Financial risk management objectives and policies

Liquidity, credit, and cash flow risks are managed by the directors on a constant basis to ensure that the company maintains adequate cash flows to serve its working capital requirements.

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its activities which are largely conducted in sterling.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and contractual arrangements are in place that ensure the repayment of this debt is made in preference to the shareholders and that the company has security over the shares held by these shareholders.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by ensuring regular monitoring of amounts due to parent undertaking and utilising borrowing from other group undertakings.

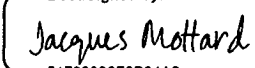
#### Future developments in research & development

Our strategy is aligned to the direction of the governance, risk and compliance market and we have built sales teams and partners with the necessary skills and knowledge to communicate the business case and convert our pipeline into new customers. This is supported by our marketing function which refines market targeting and delivers the Sword GRC value proposition to the market.

With the full support of Sword Group SE, the company and its subsidiaries have developed a three year investment plan to accelerate the development of the product suite maintained by group undertakings over that period. The aim is to ensure that our solutions remain relevant and at the forefront of technological advancement and the directors feel that the increased interest in risk management driven by the pandemic means that the time is right to invest to seize competitive advantage.

This project will involve the expansion of our UK subsidiaries' R&D team to allow us to develop the group's existing solutions to a deeper and broader functional level as well as to break in to new market areas not yet addressed with the existing product solution set. It is expected that these new features will be released as developed across the latter part of 2021 through to 2023.

Approved by the Board on 08 avril 2021 | 08:24:34 CEST and signed on its behalf by:

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51799322F8B84A9.....  
J F Mottard  
Director

## SWORD GRC GROUP LIMITED

### Directors' Report for the Year Ended 31 December 2020

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### Directors of the company

The directors who held office during the year were as follows:

J F Mottard

F Goosse

#### Principal activity

The principal activity of the company is that of a holding company.

#### Information included in the Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research and development and financial instruments.

#### Dividends

The directors did not recommend the payment of a dividend in respect of the financial year ended 31 December 2020 or in respect of the financial year ended 31 December 2019.

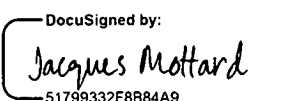
#### Going concern

As at 31 December 2020, the Company had net current liabilities of £327,350. On the basis of the current financial projections and available funds and facilities, the directors are satisfied that the Company, taking into account that it operates as part of Sword Group SE, has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis. A letter of support from Sword Group SE has been obtained showing a commitment of continued support moving forwards.

#### Disclosure of information to the auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 08 avril 2021 | 08:24:34 CEST and signed on its behalf by:

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.....51799332F8B84A9.....  
J F Mottard  
Director



## **SWORD GRC GROUP LIMITED**

### **Statement of Directors' Responsibilities**

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The directors acknowledge their responsibilities for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

## **SWORD GRC GROUP LIMITED**

### **Independent Auditor's Report to the Members of Sword GRC Group Limited for the Year Ended 31 December 2020**

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#### **Opinion**

We have audited the financial statements of Sword GRC Group Limited (the 'company') for the year ended 31 December 2020, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 director's 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 were 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 contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

We have nothing to report in this regard.

## **SWORD GRC GROUP LIMITED**

### **Independent Auditor's Report to the Members of Sword GRC Group Limited for the Year Ended 31 December 2020**

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#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our 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 and 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 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 Statement of Directors' Responsibilities set out on page 7, 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.

## **SWORD GRC GROUP LIMITED**

### **Independent Auditor's Report to the Members of Sword GRC Group Limited for the Year Ended 31 December 2020**

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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, and money laundering, 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 preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

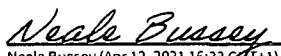
## SWORD GRC GROUP LIMITED

### Independent Auditor's Report to the Members of Sword GRC Group Limited for the Year Ended 31 December 2020

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#### 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.

  
Neale Bussey (Apr 12, 2021 16:33 GMT+1)

.....  
William Neale Bussey (Senior Statutory Auditor)  
For and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

12 April 2021  
Date:.....

# **SWORD GRC GROUP LIMITED**

## **Income Statement for the Year Ended 31 December 2020**

	Note	2020 £	2019 £
Turnover		-	-
Administrative expenses		<u>(33,121)</u>	<u>(16,106)</u>
<b>Operating loss</b>		<b><u>(33,121)</u></b>	<b><u>(16,106)</u></b>
Income from shares in group undertakings	3	2,500,000	-
Other interest receivable and similar income	4	<u>18,354</u>	<u>26,584</u>
		<b><u>2,518,354</u></b>	<b><u>26,584</u></b>
<b>Profit before tax</b>		<b>2,485,233</b>	<b>10,478</b>
Taxation	7	<u>3,846</u>	<u>(1,991)</u>
<b>Profit for the financial year</b>		<b><u>2,489,079</u></b>	<b><u>8,487</u></b>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

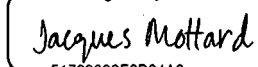
The notes on pages 15 to 21 form an integral part of these financial statements.

# SWORD GRC GROUP LIMITED

## Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	8	11,327,647	7,078,116
<b>Current assets</b>			
Debtors	9	712,067	1,037,401
Cash at bank		<u>34,032</u>	<u>405,887</u>
		746,099	1,443,288
<b>Creditors: Amounts falling due within one year</b>	10	<u>(1,073,449)</u>	<u>(10,186)</u>
<b>Net current (liabilities)/assets</b>		<u>(327,350)</u>	<u>1,433,102</u>
<b>Net assets</b>		<u><u>11,000,297</u></u>	<u><u>8,511,218</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	420,237	420,237
Share premium account	12	7,620,504	7,620,504
Profit and loss account	12	<u>2,959,556</u>	<u>470,477</u>
<b>Total equity</b>		<u><u>11,000,297</u></u>	<u><u>8,511,218</u></u>

Approved and authorised by the Board on 08 avril 2021 | 08:24:34 CEST and signed on its behalf by:

DocuSigned by:  
  
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J F Mottard  
 Director

Company registration number: 05424046

The notes on pages 15 to 21 form an integral part of these financial statements.

## SWORD GRC GROUP LIMITED

### Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2020	420,237	7,620,504	470,477	8,511,218
Profit for the year	-	-	2,489,079	2,489,079
Total comprehensive income	-	-	2,489,079	2,489,079
<b>At 31 December 2020</b>	<b>420,237</b>	<b>7,620,504</b>	<b>2,959,556</b>	<b>11,000,297</b>
	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	420,237	7,620,504	461,990	8,502,731
Profit for the year	-	-	8,487	8,487
Total comprehensive income	-	-	8,487	8,487
<b>At 31 December 2019</b>	<b>420,237</b>	<b>7,620,504</b>	<b>470,477</b>	<b>8,511,218</b>

The notes on pages 15 to 21 form an integral part of these financial statements.



# **SWORD GRC GROUP LIMITED**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

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### **1 GENERAL INFORMATION**

The company is a private company limited by share capital, incorporated in England and Wales.

The principal activity of the company is that of a holding company.

The address of its registered office and principal place of business is:

1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN  
United Kingdom

### **2 ACCOUNTING POLICIES**

#### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except any items disclosed in the accounting policies as being shown at fair value and are presented in sterling, which is the functional currency of the entity.

#### **Going concern**

As at 31 December 2020, the Company had net current liabilities of £327,350. On the basis of the current financial projections, available funds and facilities, the directors are satisfied that the Company, taking into account that it operates as part of Sword Group SE, has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis. A letter of support from Sword Group SE has been obtained showing a commitment of continued support moving forwards.

#### **Summary of disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Sword Group SE, which can be obtained from [sword-group.com/en/investors](http://sword-group.com/en/investors). The company has taken advantage of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **Group accounts not prepared**

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 and its financial statements are consolidated into the financial statements of Sword Group SE, which can be obtained from [sword-group.com/en/investors](http://sword-group.com/en/investors).

## **SWORD GRC GROUP LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

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#### **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. Key assumptions and other estimation uncertainty may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The company currently does not have any significant accounting estimates and there is no significant effect on any amounts recognised in the financial statements.

#### **Revenue recognition**

Dividend income is recognised when the right to receive payments is established.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

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 currency transactions and balances**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated.

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call 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 of change in value.

# SWORD GRC GROUP LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2020

### Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### Financial instruments

#### Classification

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

#### Recognition and measurement

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.

#### Impairment

All equity instruments regardless of their significance, and other financial assets that are individually significant, are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

### 3 INCOME FROM SHARES

The analysis of the company's other gains and losses for the year is as follows:

	2020 £	2019 £
Dividends from group undertakings	<u>2,500,000</u>	<u>-</u>

### 4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Interest on other debtors	<u>18,354</u>	<u>26,584</u>

# **SWORD GRC GROUP LIMITED**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **5 STAFF NUMBERS**

The average number of persons employed by the company during the year was 0 (2019 - 0).

### **6 AUDITOR'S REMUNERATION**

	2020 £	2019 £
Audit of the financial statements	<u>4,631</u>	<u>4,410</u>

### **7 TAXATION**

Tax charged/(credited) in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	(2,806)	1,040
UK corporation tax adjustment to prior periods	<u>(1,040)</u>	<u>951</u>
<b>Tax (credit)/charge in the income statement</b>	<u><b>(3,846)</b></u>	<u><b>1,991</b></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>2,485,233</u>	<u>10,478</u>
Corporation tax at standard rate	472,194	1,991
Under/ (over) provision of prior year tax expense	(1,040)	-
Non taxable dividends from UK companies	<u>(475,000)</u>	<u>-</u>
<b>Total tax (credit)/charge</b>	<u><b>(3,846)</b></u>	<u><b>1,991</b></u>
<b>Deferred tax</b>		

The deferred tax balance as at 31 December 2020 was £Nil (2019: £Nil).

# SWORD GRC GROUP LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 8 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries	£
<b>Cost or valuation</b>	
At 31 December 2019	7,078,116
Acquired from group company [at book value]	<u>4,249,531</u>
At 31 December 2020	<u><u>11,327,647</u></u>

The company holds or has beneficial interest in 20% or more of the share capital of the following principal companies:

	Registered office	Class of share	Proportion held	Business
Sword GRC Limited	1 Grenfell Road Maidenhead Berkshire SL6 1HN UK	GBP 1 Ordinary share	100%	Risk management software
Sword GRC PTY	40/140 William Street Melbourne VIC 3000 Australia	AUD 1 Ordinary share	100%	Risk management software
Sword GRC Inc	13221 Woodland Park Road Suite 440 Herndon, VA 20171 United States	USD 1 Common stock	100%	Risk management software
Sword Achiever Limited	1 Grenfell Road Maidenhead Berkshire SL6 1HN UK	GBP 1 Ordinary share	100%	Software and consultancy
Magique Galileo Software Limited	1 Grenfell Road Maidenhead Berkshire SL6 1HN UK	GBP 1 Ordinary share	100%	Risk management software

At 31 December 2020 total investments included capital contributions of £3,200,000 (2019: £3,200,000) in respect of the capitalisation of the intercompany loans with Sword GRC Limited in prior years.

On 1 January 2020, the company acquired 100% of the share capital in each of Sword GRC PTY, Sword GRC Inc. and Magique Galileo Software Limited from fellow group undertakings at their net book values totalling £4,249,531. Sword GRC PTY and Sword GRC Inc. were acquired from Sword GRC Limited for £1 and Magique Galileo Software Limited was acquired from Sword Soft Limited for £4,249,530, all of which are subsidiary undertakings of Sword Group SE. No profit or loss was recognised within the group of Sword Group SE in respect of this group reorganisation..

# **SWORD GRC GROUP LIMITED**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **9 DEBTORS**

	Note	2020 £	2019 £
Other debtors		709,261	1,037,401
Corporation tax asset	7	<u>2,806</u>	<u>-</u>
		<b>712,067</b>	<b>1,037,401</b>
Less non-current portion		<u>(354,628)</u>	<u>(691,600)</u>
<b>Total current trade and other debtors</b>		<b><u>357,439</u></b>	<b><u>345,801</u></b>

#### **Details of non-current trade and other debtors**

£354,628 (2019: £691,600) of other debtors is classified as non current. Other debtors are employee loans advanced for the purchase of shares in the company. These loans are repayable by instalments and interest is charged at 2.5% per annum.

### **10 CREDITORS**

	Note	2020 £	2019 £
<b>Due within one year</b>			
Trade creditors		2,100	-
Amounts due to parent undertaking	13	1,061,300	-
Amounts due to group undertaking		1	-
Accrued expenses		10,048	9,146
Corporation tax liability	7	<u>-</u>	<u>1,040</u>
		<b><u>1,073,449</u></b>	<b><u>10,186</u></b>

Amounts due to parent undertaking are repayable upon demand and there is no interest charge on this balance.

# **SWORD GRC GROUP LIMITED**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **11 SHARE CAPITAL**

#### **Allotted, called up and fully paid shares**

	2020		2019	
	No.	£	No.	£
Ordinary shares of £0.01 each	34,231,171	342,312	34,231,171	342,312
Ordinary B shares of £0.01 each	7,792,497	77,925	7,792,497	77,925
	<u>42,023,668</u>	<u>420,237</u>	<u>42,023,668</u>	<u>420,237</u>

The ordinary shares have full voting rights, full rights to participate in a distribution by way of dividend, full rights to participate in a distribution of capital including on a winding up and are non redeemable.

The ordinary B shares have full voting rights, full rights to participate in a distribution by way of dividend (separate class of shares) and full rights to participate in a distribution of capital including on a winding up.

### **12 RESERVES**

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account includes all current and prior retained earnings and accumulated losses.

### **13 RELATED PARTY TRANSACTIONS**

In accordance with FRS 102 paragraph 33.1A, exemption is taken not to disclose transactions in the year between wholly owned group undertakings.

As at 31 December 2020, aggregate amounts due to the parent undertakings, which are not members wholly owned by group undertakings, was £1,061,300 (2019: £nil).

During the year, the Company acquired at book value the investment in Magique Galileo Software Limited from the immediate parent undertaking for £4,249,530, with a foreign currency loss incurred of £11,769 on this acquisition.

During the year, the Company repaid £3,200,000 to the parent undertakings.

### **14 CONTROLLING PARTY**

The company's immediate parent undertaking is Sword Soft Limited.

The ultimate controlling party is Sword Group SE whom the directors consider to be the ultimate parent undertaking. The head office of Sword Group SE is located at Luxembourg, Route d'Arlon 2-4, L-8399 Windhof.

Group accounts are prepared by Sword Group SE including the results of Sword GRC Group Limited. This is the largest and smallest group preparing group accounts.