

Blanco - UK Limited

Annual report and financial statements

Registered number 06924311

For the year ended 30 June 2020

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Strategic Report

The strategic report is prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Fair review of the company's business

The Company is a wholly owned subsidiary of Blanco Technology Group Plc and engages in the sale of data erasure software.

The software is developed by other members of the Group and new versions of the software are released periodically throughout the year. Software solutions are offered for high volume erasure (such as Blanco Driver Eraser and Blanco Removable Media Eraser), active erasure (such as Blanco LUN Eraser and Blanco File Eraser), mobile erasure and diagnostics (such as Blanco Mobile Diagnostics and Blanco Mobile Device Eraser) and data erasure management solutions (such as Blanco Management Console and Blanco Cloud).

The directors expect the business to continue to perform in line with expectations for the foreseeable future.

Principal risks and uncertainties

Group risks are managed at Group level, rather than on an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risk and uncertainties of the Blanco Technology Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Development and performance

The results of the Company for the year are shown on page 6. The loss after taxation is £117,000 (*loss after taxation 2019 restated: £471,000*). No dividend was paid in the year ended 30 June 2020 (*2019: £nil*). The directors recommend a dividend of £nil (*2019: £nil*) for the year.

Position of the Company's business at the end of the period

The company has total shareholders' funds at 30 June 2020 of £1,047,000 (*30 June 2019 restated: £984,000*). The company continues to service contracts with its customers as at 30 June 2020 and expects to generate profits in future periods.

Key performance indicators

The Blanco Technology Group manages its operations on a group basis. For this reason, the Company's directors believe that analysis using key performance indicators for the company is neither necessary nor appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of Blanco Technology Group, which includes this company, is discussed in the Group's annual report which does not form part of this report.

Commercially, the KPI's reflect the Service Level Agreements set within individual contracts and measuring and managing customer profitability. Formal reviews of the result for the group take place with the Directors and the management team each month.

On behalf the board



A.P. Moloney
Director

Registered office:
Suite 1,
Chapel House,
Start Hill,
Bishop's Stortford,
Hertfordshire,
CM22 7WE

25 February 2021

Directors' report

The directors present their report together with audited financial statements for the year ended 30 June 2020.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

A.J Bentley
A.P Moloney

Policy on the payment of creditors

It is the Company's policy to set the terms of payments with suppliers when agreeing to the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them.

Dividends

Details on dividends paid and recommended during the year and prior year are included in the Strategic Report.

Future developments

The directors believe that the company will generate profit in future periods. Further details around the development of the markets that the company operates in and the strategy are included in the consolidated financial statements of the ultimate parent Company.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Employee involvement

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting performance of the Company.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the 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 101 "Reduced Disclosure Framework", 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 101, 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.

Directors' report *(continued)*

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.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and the directors have taken all the steps that they ought to take as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

On behalf of the board



A.P. Moloney
Director

Registered office:
Suite 1,
Chapel House,
Start Hill,
Bishop's Stortford,
Hertfordshire,
CM22 7WE

25 February 2021

Independent auditors' report to the members of Blanco - UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Blanco - UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2020; the profit and loss account and the statement of changes in equity for the year then ended; and 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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 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 financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
25 February 2021

Profit and loss account

	<i>Note</i>	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019* £'000
Revenue	3	3,238	3,275
Cost of sales		(1,928)	(2,338)
Gross profit		1,310	937
Administrative expenses		(1,420)	(1,404)
Operating loss	4	(110)	(467)
Interest payable and similar expenses	5	(7)	(4)
Loss before taxation		(117)	(471)
Tax on loss	9	-	-
Loss after taxation		(117)	(471)

**Restated (See Note 1)*

All amounts in the period relate to continuing activities.

The company made no other gains and losses during the period other than those included in the profit and loss account.

Notes from pages 9 to 21 form part of these financial statements.

Balance sheet
at 30 June 2020

	<i>Note</i>	2020 £'000	2019* £'000
Non-current assets			
Intangible assets	10	363	369
Tangible assets	11	239	310
		<u>602</u>	<u>679</u>
Current assets			
Stocks	13	-	2
Debtors	14	1,320	1,355
Cash at bank and in hand		553	690
		<u>1,873</u>	<u>2,047</u>
Creditors: Amounts falling due within one year	15	<u>(1,264)</u>	<u>(1,514)</u>
Net current assets		<u>609</u>	<u>533</u>
Total assets less current liabilities		<u>1,211</u>	<u>1,212</u>
Creditors: Amounts falling due after more than one year	16	<u>(164)</u>	<u>(228)</u>
Net assets		<u>1,047</u>	<u>984</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		1,047	984
		<u>1,047</u>	<u>984</u>
Total shareholders' funds		<u>1,047</u>	<u>984</u>

*Restated (See note 1)

Notes from pages 9 to 21 form part of the financial statements.

The financial statements on pages 6 to 21 were approved by the directors on 25 February 2021 and were signed on its behalf by:



A.P. Moloney
Director

Company registered number: 06924311

Statement of changes in equity

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 30 June 2018 as reported	-	1,320	1,320
Adjustment on initial application of IFRS 16	-	(1)	(1)
Restated balance at 30 June 2018	-	1,319	1,319
Loss after taxation	-	(471)	(471)
Recognition of share-based payment	-	136	136
Balance at 30 June 2019*	-	984	984
Loss after taxation	-	(117)	(117)
Recognition of share-based payment	-	180	180
Balance at 30 June 2020	-	1,047	1,047

**Restated (See note 1)*

The accompanying notes set out on pages 9 to 21 form part of the financial statements.

Notes

1 Accounting policies

Blanco - UK Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in the UK and registered in England and Wales. The company's registered number can be found on page 7 and registered office address can be found on page 1.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006 (the "Act") as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Presenting a third statement of financial position showing the opening position when retrospectively adopting a new standard or policy;
- Disclosures in respect of transactions with wholly owned subsidiaries of the ultimate parent undertaking;
- Disclosures in respect of compensation of key management personnel;
- Disclosures in respect of the impact of new standards issued and not yet effective;
- IFRS 2 Share-based payment in respect of Group settled share-based payments;
- Certain disclosures required by IFRS 13 "Fair Value Measurement", IFRS 15 "Revenue from Contracts with Customers" and the disclosures required by IFRS 7 "Financial Instrument disclosures"; and
- Prior year disclosure of the intangible and tangible asset reconciliations.

The financial statements have been prepared under the historical cost convention and on a going concern basis.

Going concern

The Company is currently in a net asset position and forecast to remain in this position for the foreseeable future. Therefore, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Prior period adjustment

This is the first set of financial statements in which IFRS16 Leases has been applied. The standard, replacing IAS 17 Leases, sets out the requirements for recognising lease contracts in place as right-of-use assets and lease liabilities on the balance sheet. The standard covers the Company's leased office property.

The standard has been applied retrospectively and the financial statements for the financial year ended 30 June 2019, including opening balances, have been restated.

Notes (continued)

A summary of the impact of the prior period adjustments on the profit and loss account for the year ended 30 June 2019 and the balance sheet as at 30 June 2019 are as follows:

	Year ended 30 June 2019 As previously reported	IFRS16 application	Year ended 30 June 2019 As restated
	£'000	£'000	£'000
Profit and loss account			
Administrative expenses	(1,407)	3	(1,404)
Operating loss	(470)	3	(467)
Interest payable	-	(4)	(4)
Loss before taxation	(470)	(1)	(471)
Tax on loss	-	-	-
Loss after taxation	(470)	(1)	(471)
<hr/>			
	As at 30 June 2019 as previously reported	IFRS16 application	As at 30 June 2019 as restated
	£'000	£'000	£'000
Balance Sheet			
Non-current assets			
Intangible assets	369	-	369
Tangible assets	14	296	310
	<hr/>	<hr/>	<hr/>
	383	296	679
Current assets			
Stocks	2	-	2
Debtors	1,355	-	1,355
Cash at bank and in hand	690	-	690
	<hr/>	<hr/>	<hr/>
	2,047	-	2,047
Creditors: Amounts falling due within one year	(1,444)	(70)	(1,514)
Net current assets	<hr/>	<hr/>	<hr/>
	603	(70)	533
Total assets less current liabilities	<hr/>	<hr/>	<hr/>
	986	226	1,212
Creditors: Amounts falling due after more than one year	-	(228)	(228)
Net assets	<hr/>	<hr/>	<hr/>
	986	(2)	984
Capital and reserves			
Called up share capital	-	-	-
Profit and loss account	986	(2)	984
Total shareholders' funds	<hr/>	<hr/>	<hr/>
	986	(2)	984

Notes (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and is net of value added tax and other duties. Revenue is recognised when the delivery of goods or services has taken place in accordance with the terms of the sale, there is certainty on the value, recoverability is reasonably assured and risk has transferred to the customer. Delivery is deemed to have taken place when the customer has full access to use the product and there is no further supply obligation for the Company.

Revenue on software sales is recognised according to the terms of individual contracts, which fall into two types; either a volume or subscription basis:

- **Volume contracts.** Where Blanco products are sold on a volume basis a finite number of “uses” are delivered. Revenue is recognised on delivery as this is the point at which control is transferred to the customer and there are no continuing obligations to the Company.
- **Subscription contracts.** Revenue is recognised at finite points throughout the contract term at which point delivery is expected to take place. In the majority of cases, delivery takes place at the onset of a contract, or to the extent a customer has been invoiced for a portion of the overall contract term, and accordingly licence revenue closer aligns to the point the invoice is raised with no revenue deferral. In cases where deliveries are expected to be made periodically throughout the contract term, sufficient revenue will be deferred to reflect management’s best estimate of licences still to be delivered. In cases where a customer has been delivered licences in advance of an invoice being issued, a contract asset is recognised, and discounted to the net present value where the associated cash receipt is expected to be in excess of 12 months for the point the revenue is recognised.

Revenue billed in advance is deferred within contract liabilities. Revenue billed in arrears is recognised in contract assets and discounted to net present value where this impact is material.

Discounting is required where a financing component exists on contracts. Our standard payment terms are 30 days and contracts are not entered into with significant financing components. On long-term contracts, delivery is generally aligned with invoicing (either up front or periodically throughout the term) such that the timing difference between revenue recognition and cash collection is representative of our normal payment terms.

The key judgement involved in assessing the criteria for revenue recognition is the identification of separate performance elements and their respective fair values, including assessing the underlying economics of the transaction versus what is contractually agreed.

Bundled sales or multiple-element arrangements require the Company to deliver hardware and/or a number of services under one agreement, or a series of agreements which are commercially linked. Under such agreements, an assessment is made over the ability to identify and account for each of the components separately, thereby identifying the different performance obligations. In order for these components to be identified it is determined whether the component has stand-alone value to the customer and whether the fair value of the component can be measured reliably. If these criteria are deemed to be met the components are accounted for separately. While all contracts are assessed on a case by case basis, for the majority of Blanco’s sales, all components are measured separately except for:

- Cases where two or more components are inherently linked. This can arise on contracts where licences are sold with bespoke hardware or development and integration work, on the basis that either component relies on the other in order to function as a complete product.
- Product upgrades which are linked to the licence element of contracts on the basis that these are unspecified, not required in order to maintain functionality of the product and that product upgrades to existing customers are only a bi-product of Blanco’s product development activity.

The fair values of each performance element are calculated with respect to the cost of the respective inputs.

Where these agreements are accounted for separately, the consideration received is allocated to each of the identifiable components based on the relative fair values. Fair values are determined on a hierarchical basis as follows:

- Evidence where the Company sells on a stand-alone basis.
- Evidence where the same or similar components are being sold by another third-party.
- Best estimate of the selling price.

Notes (continued)

The amount of revenues allocated to the hardware or up-front services is accounted for on delivery and when all revenue recognition criteria are met. The amount allocated to other services is accounted for over the term in which those services are being delivered.

Blanco contracts a part of its revenue acting as an agent or reseller for third party licences which are sometimes sold in isolation or as a bundle with other Blanco products. This revenue is measured at fair value and recognised gross with a corresponding cost of sale on the basis that Blanco:

- Takes full title and ownership of the products prior to onward sale.
- Is exposed to variable returns of the sales of the product.
- Processes and decides on the best route to market for the equipment.
- Has full discretion in identifying customers for onward sale of products and establishes the selling price to these customers.

The revenue is recorded at the point that Blanco's obligation to deliver the third party software has been satisfied.

Pension

The group offers defined contribution pension arrangements to certain employees. Payments to defined contribution pension schemes are expensed as incurred.

Share-based payments

Long term incentive plans are in place under which certain employees are annually awarded options over the shares of the ultimate parent company of the company subject to meeting certain vesting criteria. The fair value of the options under the equity settled scheme are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become entitled to the options. The fair value of the awards granted is measured using the average share price on the five days preceding the grant date and the number of shares the employee is awarded. The compensation charge relating to the awards is reassessed at each reporting date based on the likelihood of achieving the vesting criteria and the likely level of attainment of the vesting criteria. Any corresponding change would be recorded as an expense with a corresponding increase in equity. Further details of the long-term incentive scheme are included in the Consolidated Financial Statements of the ultimate parent Company.

Goodwill

Goodwill is calculated as the excess of the fair value of the purchase consideration over the fair value attributable to the separately identifiable assets and liabilities of the acquired business. Goodwill is capitalised on acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 10 years would be a charge of £57,000 (2019: £57,000) against operating profit, and a corresponding reduction in the carrying value of goodwill in the balance sheet.

Notes *(continued)*

Other intangible assets

Other intangible assets represent product accreditations. The company has contracted third-party agencies to certify that certain Blanco software meets or exceeds specific minimum standards. Other intangible assets are amortised on a straight-line basis over four years once the accreditation has been granted. Amortisation is charged against administrative expenses in the profit and loss account.

Software licences

Software licences are initially measured at cost, which include the purchase price of the asset, and cost of bringing the asset to use. After initial recognition, the intangible asset is carried at cost, less accumulated amortisation, less any accumulated impairment losses. Software licences are amortised on a straight-line basis over their useful lives, which is between three and five years.

Tangible assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment: - 4 years

IT Equipment: - 3 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Cost is the purchase price, including transport and handling charges, less trade discounts. Net realisable value is the estimated selling price, after trade discounts, less all costs incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Non-derivative financial instruments

- Cash and cash equivalents comprise cash balances
- Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost
- Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying temporary differences.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

Notes (continued)

Leases

Under the outgoing standard, lease arrangements entered in to were assessed at the inception of the lease and classified as either an operating or a finance lease. A lease was classified as a finance lease if it transferred substantially all the risks and rewards of incidental ownership to the lessee. All other lease arrangements were classified as operating leases.

Rentals payable under operating leases were recognised in the income statement on a straight-line basis over the periods of the leases. Assets acquired under finance leases were capitalised and the outstanding future lease obligations were shown under creditors.

However, the adoption of IFRS16 Leases requires a change in the treatment and recognition of leases, with leases meeting the criteria being capitalised as right-of-use assets and a corresponding liability recognised representing the discounted future payments over the duration of the agreement.

Right-of-use assets

Right-of-use assets are recognised at the inception of the lease (the underlying date the lease is available for use). Right-of-use assets are measured at cost which equals the amount of the initial measurement of lease liability, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight line basis over a term which takes into account the length of the lease term, any break clauses and a reasonable expectation of the length of time it is intended to occupy the lease. In all cases, the depreciation period for any given asset aligns to the terms used to calculate the present value of lease payments.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities representing the discounted future fixed payments over the expected term of the lease (as noted above), measured at present value. In calculating the present value of lease payments, the UK uses discount rates based on estimated costs of borrowing to purchase an equivalent asset in each jurisdiction where the interest rate is not explicitly stated in the lease agreement. Following the inception of the lease, the liability is increased to reflect the accretion of interest and reduced for lease payments made.

2 Critical Judgements in Applying the Group's Accounting Policies

Management are required to make judgements over certain balances which are uncertain and therefore require a degree of estimation as to the amounts to be settled in future periods.

The critical judgements, which do not involve management estimates of amounts disclosed in the financial statements, are considered to be the following:

- Revenue recognition requires judgement over what constitutes a separable performance obligation which can be complex in customer contracts where a number of services are being provided to the customer alongside licences. This judgement largely requires consideration of whether the performance obligations are stand alone, and therefore should be recognised separately, or inherently linked, and therefore recognised together. There is further judgement on product delivery (1) over whether a contract is fulfilled at the point the licence is delivered or whether the Company retains an ongoing obligation to re-deliver licences for product updates or enhancements; and (2) whether holding a stock of licences in a customer account on a shared cloud platform demonstrates that sufficient control has passed to the customer in order to recognise revenue. Management uses specific contractual terms in making this judgement over how much revenue to recognise.

Notes (continued)

3 Revenue

The revenue and profit before tax are attributable to the one principal activity of the Company, being sale of data erasure software. All revenue arises in the United Kingdom.

In the current year, there is no (2019: none) revenue recognised from performance obligations satisfied in prior periods.

There are no impairment losses recognised on any receivables or contract assets arising from the company's contracts with customers.

4 Operating loss

Operating loss is stated after charging:

	2020 £'000	2019 (Restated) £'000
Depreciation		
- Owned fixed assets	8	10
- Right of use assets	66	33
- Amortisation of intangible assets	6	6
Auditors' remuneration	-	-
	<u>80</u>	<u>49</u>

Fees paid to the company's auditors, PricewaterhouseCoopers LLP and its associates for other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the Company's ultimate parent, Blanco Technology Group Plc, are required to disclose non-audit fees on a consolidated basis. The audit fees of the Company are borne by another group entity without recharge.

5 Interest payable and similar expenses

	2020 £'000	2019 (Restated) £'000
Interest on lease liabilities	7	4
	<u>7</u>	<u>4</u>

6 Share based payment

The expense recognised for share-based payments in respect of employee services received during the year to 30 June 2020 was £180,000 (2019: £136,000) in respect of awards of 432,863 shares in the ultimate parent company. This arose from grants of equity-settled share options awarded under the Blanco Performance Share Plan, details of which are contained in the consolidated financial statements of the ultimate parent company.

Notes (continued)

7 Staff numbers and costs

The average number of persons employed by the Company during the period, analysed by category was as follows:

	Number of employees 2020	2019
Sales and administration	22	19
	<u>22</u>	<u>19</u>

The aggregate payroll costs of the above:

	2020 £'000	2019 £'000
Wages and salaries	1,760	1,715
Social security costs	214	189
Other pension costs	68	48
Share-based payments	180	136
	<u>2,222</u>	<u>2,088</u>

8 Directors' remuneration

The emoluments of A P Moloney are disclosed in the financial statements of Blanco Technology Group Plc.
The remuneration of the director employed by the company is as follows:

	2020 £'000	2019 £'000
Short term employee benefits	446	412
	<u>446</u>	<u>412</u>

9 Tax on loss

Analysis of charge in period

	2020 £'000	2019 £'000
<i>UK Corporation tax</i>		
Current tax	-	-
Total current tax charge	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Charge for the year	-	-
Total deferred tax charge	<u>-</u>	<u>-</u>
Tax on loss	<u>-</u>	<u>-</u>

Notes (continued)

Factors affecting the tax charge for the current period

The tax charge for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 (Restated) £'000
Tax reconciliation		
Loss before taxation	(117)	(471)
Tax at 19% (2019: 19%)	(22)	(89)
Effects of:		
Group relief provided without charge to another group company	22	89
Total tax charge (see above)	-	-

Factors that may affect future tax charges

UK Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year.

10 Intangible assets

	Goodwill	Software Licences	Other intangible asset	Total
	£000	£000	£000	£000
Cost				
At 30 June 2019	574	11	24	609
Additions	-	-	-	-
At 30 June 2020	574	11	24	609
Accumulated amortisation				
At 30 June 2019	214	11	15	240
Charge for the year	-	-	6	6
At 30 June 2020	214	11	21	246
Net book value				
At 30 June 2020	360	-	3	363
At 30 June 2019	360	-	9	369

Notes (continued)

11 Tangible assets

	Office Equipment	IT Equipment	Right-of-use Assets	Total
	£000	£000	£000	£000
Cost				
At 30 June 2019 (Restated)	2	35	329	366
Additions	-	3	-	3
At 30 June 2020	2	38	329	369
Accumulated depreciation				
At 30 June 2019 (Restated)	1	22	33	56
Charge for the year	1	7	66	74
At 30 June 2020	2	29	99	130
Net book value				
At 30 June 2020	-	9	230	239
At 30 June 2019	1	13	296	310

12 Leases

The balance sheet shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Right-of-use assets		
Buildings	230	296
	2020 £'000	2019 £'000
Lease liabilities		
Current	70	70
Non-current	164	228
	234	298

Additions to right-of-use assets during the year were £nil (2019: £329,000).

Notes *(continued)*

	2020 £'000	2019 £'000
Depreciation charge on right-of-use assets		
Buildings	66	33
	<u>66</u>	<u>33</u>
 Interest charge on lease liabilities	 7	 4
 13 Stocks		
	2020 £'000	2019 £'000
Raw materials	-	2
	<u>-</u>	<u>2</u>
 14 Debtors		
	2020 £'000	2019 £'000
Trade debtors	840	713
Less: Loss allowance for doubtful debtors	(14)	(3)
	<u>826</u>	<u>710</u>
Debtors net of provision	826	710
Amounts owed by group undertakings	418	489
Prepayments	76	100
Contract assets	-	56
	<u>1,320</u>	<u>1,355</u>

Amounts owed under group undertakings are interest free, repayable on demand and are related to fees recharged. As such, there is no expected credit loss and therefore no loss allowance recognised.

Notes (continued)

15 Creditors: Amounts falling due within one year

	2020	2019 (Restated)
	£'000	£'000
Trade creditors	58	218
Amounts owed to group undertakings	601	809
Other taxation and social security	220	117
Accruals	315	300
Lease liabilities	70	70
	<u>1,264</u>	<u>1,514</u>

Amounts owed to group undertakings are interest free and repayable on demand.

16 Creditors: Amounts falling due after more than one year

	2020	2019 (Restated)
	£'000	£'000
Lease liabilities	164	228
	<u>164</u>	<u>228</u>

17 Called up Share Capital

	2020	2019
	£'000	£'000
<i>Allotted, called up and fully paid:</i>		
2 (2019: 2) Ordinary shares of £1	-	-
	<u>-</u>	<u>-</u>

18 Guarantees

The Company has guaranteed, via fixed and floating charges over the whole of its property, undertaking and assets, the bank borrowings of other companies in the Blanco Technology Group. At 30 June 2020, the liability covered by this guarantee amounted to £nil (2019: £6,494,000).

19 Related party transactions

As a wholly owned subsidiary of Blanco Technology Group Plc, the Company is exempt from the requirements of IAS 24 to disclose transactions with other members of the group headed by Blanco Technology Group Plc.

Notes *(continued)*

20 Ultimate parent company

The Company's immediate parent undertaking is Blanco Oy Limited, which is incorporated in Finland. The ultimate parent undertaking is Blanco Technology Group Plc, which is incorporated in England and Wales and is the smallest and largest group in which the results of the Company are consolidated. Copies of the financial statements of Blanco Technology Group Plc can be obtained from:

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Chapel House,
Start Hill,
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