

Registration number: 07768739

AppDynamics UK Ltd

Annual Report and Financial Statements

Period from 31 July 2022 to 29 July 2023

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Company Information

Directors	Jonathan Elstein Sajaid Rashid Sarah Griffiths
Company secretary	Cornhill Secretaries Limited
Registered office	5 Market Yard Mews 194-204 Bermondsey Street London SE1 3TQ United Kingdom
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors 4th Floor One Reading Central 23 Forbury Road Reading RG1 3JH United Kingdom

Strategic Report

for the Period from 31 July 2022 to 29 July 2023

The Directors present their strategic report for the period from 31 July 2022 to 29 July 2023.

Principal activities

AppDynamics UK Ltd's (the "Company") principal activity is that of a Holding Company within the Cisco Group.

Review of the business

The Company has recorded a loss after tax during the period of \$8,939,000 (period ended 30 July 2022: profit after tax of \$676,000). The Company is no longer entitled to any royalties due to its legacy intellectual property being obsolete. This resulted to a loss after tax in the current period.

As at 29 July 2023, the Company had net current liabilities of \$14,844,000 (30 July 2022: \$5,905,000) and cash of \$622,000 (30 July 2022: \$580,000). The increase in net current liabilities is due to increase in funding received from group undertakings to finance the Company.

Key performance indicators

There are no specific key performance indicators (KPIs) operating at the Company's level. KPIs operate at the Cisco Systems, Inc. group business unit level. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business AppDynamics UK Ltd.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The following statement describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006.

Impact of Group-wide policies and procedures on employee and stakeholder engagement

The Company's ultimate controlling party, Cisco Systems, Inc. ("Cisco"), shapes the business strategies for the group which has an impact on the long-term development of the Company. Primary responsibility for key strategic decisions has been informally delegated by the Directors to Cisco. In practice, all decisions and policies affecting employees, suppliers and business relationships with stakeholders are implemented by the Directors in line with the business strategies shaped by Cisco. For further information on the strategy and governance of Cisco, please refer to Investor Relations page in Cisco.com.

The Company no longer has any employees and has no future plans to do so. Should the Company change and begin to have employees, the Directors would recognise that any employees are an important part of the business. It would be the Company's policy to consult with employees on matters that are likely to affect their interests, including in relation to those matters that affect the performance of the Company and wider Cisco group. The Directors would also ensure that appropriate communication channels between employees and management were in place.

Consequences of any decision in the long-term

When making decisions, each Director ensures that they act in a way that they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard to the matters set out in section 172.

Strategic Report

for the Period from 31 July 2022 to 29 July 2023

Stakeholders

The Directors consider the key stakeholders of the business to be the communities in which it operates, suppliers and the Cisco group entities which the Company transacts with. The Company no longer has any external customers. The Directors recognise the importance of clear communication and proactive engagement with all stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the Company. The Directors factor the implications of decisions on stakeholders, where relevant and feasible.

Community and environment

The Company's approach to the community and environment is shaped by Group policies and practices. Information on the Group's strategy on this area can be found at [Cisco.com](https://www.cisco.com) and within the Group's Corporate Sustainability Report (which can also be found at [Cisco.com](https://www.cisco.com)).

Standard of business conduct

The Directors apply the Group's Code of Business Conduct (found in [Cisco.com](https://www.cisco.com) under Investor Relations) which sets out Group-wide values and is designed to promote honesty, compliance, and accountability. By doing so the Directors help to ensure that high standards are maintained both within the business and the business relationships we maintain.

Acting fairly between members of the company

For the time being, the Company only has one member, Cisco Worldwide Holdings Ltd.

Principal risks and uncertainties

The Directors are aware of the risks to the business relating to general economic conditions including as a result of the United Kingdom "Brexit" withdrawal from the European Union, the conflicts in Ukraine and Russia, and some countries in the Middle East including Israel and Palestine, the current economic challenges in China, including global economic ramifications of Chinese economic difficulties, and other disruptions may continue to put pressure on global economic conditions. If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate further, we may experience material impacts on our business, operating results, and financial condition. These risks are managed through regular reviews of their impact on the Company.

The Company does not have any material business or other involvement in the countries involved in the mentioned conflict. Therefore, the Company does not believe that these conflicts had any material adverse effect on its financial condition or liquidity in the period ended 29 July 2023, neither is a material adverse effect expected for the current fiscal year 2024.

The Company is an integral part of the Cisco group and from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Cisco group, which have been addressed in the group's FY23 annual report (Form 10-K filing). This annual report does not form part of this report but is publicly available.

Financial Risk Management

The Company has various financial instruments such as amounts owed from and to fellow group undertakings that arise directly from operations. The Directors do not consider that the fair value of these instruments differs from the book value. The main risks arising from the Company's financial instruments are discussed below.

Strategic Report

for the Period from 31 July 2022 to 29 July 2023

Interest Rate Risk

The Company may be exposed to a significant interest rate risk as it has significant loan agreements, of which the interest rate is based on the applicable federal rate as of the accrual date. However, as the borrowing is with a fellow group undertaking and the ultimate parent company, Cisco Systems, Inc., has agreed in writing to provide financial support to the Company if necessary, this risk is significantly mitigated. The Company has also made principal payments in the past and is planning to do more payments to further mitigate this risk.

Liquidity and Cash Flow Risk

The Company actively monitors current cash flow requirements and continually forecasts cash flows in order to maintain liquidity and ensure that sufficient funds are available for on-going operations.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company has no financing from external banking institutions. Total borrowings from group companies in the form of loan agreements amount to \$49,109,000 as at 29 July 2023 (30 July 2022: \$49,109,000). They are not due for repayment until 2026. Interest recognised from this borrowing is \$1,853,000 (Period ended 30 July 2022: \$1,122,000).

Credit Risk

Potential material areas of credit risk consist of debtors and cash balances.


Debtors consist mainly of amounts owed from group undertakings. Where considered appropriate, an allowance is made for specific bad debts.

The credit risk on cash balances is mitigated as the Company only deals with credible financial institutions, whose reputation is reviewed regularly.

Currency Risk

The Company monitors its exposure to currency risk on a regular basis. The Company does not have a policy on hedging, but currencies may be hedged at the discretion of the Directors. The Company is party to transactions and balances in Pound Sterling.

Approved by the Board on 29 April 2024 and signed on its behalf by:


.....
Sajaid Rashid
Director

Directors' Report

for the Period from 31 July 2022 to 29 July 2023

The Directors present their annual report and the audited financial statements for the period from 31 July 2022 until 29 July 2023.

Directors of the Company

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Jonathan Elstein

Sajaid Rashid

The following Director was appointed after the period end:

Sarah Griffiths (appointed 9 April 2024)

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 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 also 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.

Dividends

The Directors do not recommend the payment of a dividend for the period (Period ended 30 July 2022: \$Nil).

Streamlined energy and carbon reporting

The Company does not have any employees, does not own any property, plant and equipment and is not a party to any lease arrangements. The Company is considered to be a low energy user and is not required to make any detailed disclosures of energy and carbon information.

Future developments

The Company will continue to act as a holding company within the Cisco Group.

Directors' Report

for the Period from 31 July 2022 to 29 July 2023

Going concern

The Company continually assesses the impact of its principal risks and uncertainties in relation to its financial position and ongoing solvency. The financial statements have been prepared on a going concern basis, notwithstanding a total shareholders' deficit of \$63,953,000 (30 July 2022: \$55,014,000) and net current liabilities of \$14,844,000 (30 July 2022: \$5,905,000). Despite the ongoing reduction in revenue and profit, the Company is expected to continue acting as a Holding Company within the Cisco Group.

Cisco Systems, Inc., the Company's ultimate parent company, has indicated its willingness to continue to provide financial support to enable the Company to meet its liabilities as they fall due. As at the date of these financial statements, the company can rely upon a letter of financial support from its ultimate parent company Cisco Systems, Inc.

On the basis the ultimate parent undertaking continues to provide financial support such that the Company can meet its liabilities as they fall due over the next twelve months from the date of approval of these financial statements, the Company's directors have a reasonable expectation that adequate resources are available to enable the Company to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' liabilities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The indemnities constitute a qualifying third-party provision as defined by section 234 of the Companies Act 2006, which were in force during the period ended 29 July 2023 and remain in force for the Directors of the Company as at the date of approval of the Directors' Report.

Matters covered in the Strategic report

The Company's key business and financial instrument risks are disclosed within the Strategic Report.

Disclosure of information to the independent auditors

Each person who is a Director at the time when this report is approved has confirmed that:

- (a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Reappointment of independent auditors

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

Approved by the Board on 29 April 2024 and signed on its behalf by:

Sajaid Rashid

Sajaid Rashid
Director

Independent Auditor's Report

to the Members of AppDynamics UK Ltd

Report on the audit of the financial statements

Opinion

In our opinion, AppDynamics UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 July 2023 and of its loss for the period from 31 July 2022 to 29 July 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 29 July 2023; Statement of Comprehensive Income and Statement of Changes in Equity for the period 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

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.

Independent Auditor's Report

to the Members of AppDynamics UK Ltd

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 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 period ended 29 July 2023 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, 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.

Independent Auditor's Report

to the Members of AppDynamics UK Ltd

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.

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 Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 posting manual journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigations, and instances of fraud;
- review meeting minutes of the Board of Directors,
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations to cash;
- incorporated an element of unpredictability by testing payments made to unexpected parties that are not intercompany payments or payments to known suppliers; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

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. 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.

Independent Auditor's Report

to the Members of AppDynamics UK Ltd

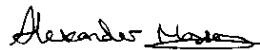
Other required reporting

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.



.....
Alexander Massey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

29 April 2024

Statement of Comprehensive Income

for the Period from 31 July 2022 to 29 July 2023

		<i>For the period from 31 July 2022 to 29 July 2023</i>	<i>For the period from 01 August 2021 to 30 July 2022</i>
	<i>Note</i>	<i>\$ 000</i>	<i>\$ 000</i>
Turnover	4	-	4,364
Administrative expenses		(6,713)	(6,142)
Other operating income		-	308
Operating loss	5	(6,713)	(1,470)
Interest receivable and similar income	6	316	-
Interest payable and similar expenses	7	(2,709)	(1,132)
		(2,393)	(1,132)
Loss before taxation		(9,106)	(2,602)
Tax on loss	9	167	3,278
(Loss)/profit for the financial period		(8,939)	676
Total comprehensive (loss)/income for the financial period		(8,939)	676

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the period other than the results above.

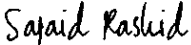
The notes on pages 14 to 25 form an integral part of these financial statements.

Statement of Financial Position

as at 29 July 2023

	Note	29 July 2023 \$ 000	30 July 2022 \$ 000
Fixed assets			
Investments	10	-	-
Current assets			
Debtors	11	11,326	10,843
Cash at bank and in hand		622	580
		<u>11,948</u>	<u>11,423</u>
Creditors: Amounts falling due within one period	12	<u>(26,792)</u>	<u>(17,328)</u>
Net current liabilities		<u>(14,844)</u>	<u>(5,905)</u>
Total assets less current liabilities		(14,844)	(5,905)
Creditors: Amounts falling due after more than one period	12	<u>(49,109)</u>	<u>(49,109)</u>
Net liabilities		<u>(63,953)</u>	<u>(55,014)</u>
Capital and reserves			
Called up share capital	13	-	-
Share premium account	13	754	754
Capital contribution	13	465	465
Profit and loss account	13	<u>(65,172)</u>	<u>(56,233)</u>
Total equity		<u>(63,953)</u>	<u>(55,014)</u>

The financial statements on pages 11 to 25 were approved by the Board of Directors on 29 April 2024 and signed on its behalf by:


.....
Sajaid Rashid
Director

Registration number: 07768739

The notes on pages 14 to 25 form an integral part of these financial statements.

Statement of Changes in Equity for the Period from 31 July 2022 to 29 July 2023

	Called up share capital \$ 000	Share premium account \$ 000	Capital contribution \$ 000	Profit and loss account \$ 000	Total equity \$ 000
As at 1 August 2021	-	754	465	(56,909)	(55,690)
Profit for the period	-	-	-	676	676
Total comprehensive income for the financial period	-	-	-	676	676
As at 30 July 2022	-	754	465	(56,233)	(55,014)
As at 31 July 2022	-	754	465	(56,233)	(55,014)
Loss for the period	-	-	-	(8,939)	(8,939)
Total comprehensive loss for the financial period	-	-	-	(8,939)	(8,939)
As at 29 July 2023	-	754	465	(65,172)	(63,953)

The notes on pages 14 to 25 form an integral part of these financial statements.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

1 General information

The Company is a private company limited by shares, incorporated in the United Kingdom (England & Wales).

The address of its registered office is:

5 Market Yard Mews
194-204 Bermondsey Street
London
SE1 3TQ
United Kingdom

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 as applicable to companies using FRS 102. The accounting policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it. The Company has taken advantage of the exemption under S401 of the Companies Act 2006 not to prepare group financial statements as the Company itself is wholly owned by Cisco Systems, Inc., which prepares consolidated financial statements which include AppDynamics UK Ltd and its subsidiaries. These financial statements therefore present information for AppDynamics UK Ltd as a company, and not its group.

These financial statements are for the period from 31 July 2022 to 29 July 2023. The comparative period is from 01 August 2021 to 30 July 2022.

These financial statements are presented in United States Dollars (\$), as that is the currency in which the majority of the Company's transactions are denominated.

Summary or disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

2 Accounting policies (continued)

- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

Going concern

The Company continually assesses the impact of its principal risks and uncertainties in relation to its financial position and ongoing solvency. The financial statements have been prepared on a going concern basis, notwithstanding a total shareholders' deficit of \$63,953,000 (30 July 2022: \$55,014,000) and net current liabilities of \$14,844,000 (30 July 2022: \$5,905,000). Despite the ongoing reduction in revenue and profit, the Company is expected to continue acting as a Holding Company within the Cisco Group.

Cisco Systems, Inc., the Company's ultimate parent company, has indicated its willingness to continue to provide financial support to enable the Company to meet its liabilities as they fall due. As at the date of these financial statements, the company can rely upon a letter of financial support from its ultimate parent company Cisco Systems, Inc.

On the basis the ultimate parent undertaking continues to provide financial support such that the Company can meet its liabilities as they fall due over the next twelve months from the date of approval of these financial statements, the Company's directors have a reasonable expectation that adequate resources are available to enable the Company to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover, which is stated net of value added tax, represents royalties income earned from the Company's related parties Cisco Systems, Inc. and AppDynamics LLC. Revenue is recognised on an accruals basis. The Company did not recognise any revenue during the current period as it is no longer entitled to any royalties due to its legacy intellectual property being obsolete.

Foreign currency transactions and balances

Transactions in foreign currencies are translated into US\$ at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into US\$ at rates of exchange ruling at the reporting date.

Investments held in subsidiaries

Investments held in subsidiaries are stated at cost less provision for impairment.

Tax

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Temporary differences arising from the initial recognition of assets and liabilities that affect neither accounting profit nor taxable profit are not provided for.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

2 Accounting policies (continued)

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.

Financial Instruments

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

Otherwise, below are the policy choices:

Paragraphs 11.2 and 12.2 give an accounting policy choice for financial instruments namely:

- Apply the provisions of FRS 102 in full.
- Apply the recognition and measurement provisions of IAS 39 and the disclosure requirements of FRS 102.
- Apply the recognition and measurement provisions of IFRS 9 and / or IAS 39 (as amended following the publication of IFRS 9) and the disclosure requirements of FRS 102.

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.

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 profit or loss.

If there is a 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 profit or loss.

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 profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

2 Accounting policies (continued)

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) 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.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

Share capital

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

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

2 Accounting policies (continued)

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period which have been applied by the management by preparing of these financial statements.

4 Turnover

The analysis of the Company's turnover for the period by category is as follows:

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Arising from royalties	-	4,364

The total turnover of the Company for the prior period has been derived from its principal activities undertaken in the United Kingdom. The Company is no longer entitled to any royalties during the year due to its legacy intellectual property being obsolete.

5 Operating loss

Operating loss is stated after charging/(crediting):

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Foreign exchange loss/(gain)	199	(308)

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

5 Operating loss (continued)

The audit fee attributable to the audit of AppDynamics UK Ltd is £37,800 (2022: £37,800).

The auditors' remuneration is paid for by a fellow group company, Cisco International Limited, and will not be recharged to the Company.

6 Interest receivable and similar income

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Interest receivable on amounts owed by group undertakings	<u>316</u>	<u>-</u>

7 Interest payable and similar expenses

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Interest payable on amounts owed to group undertakings	2,709	1,122
Other finance costs	<u>-</u>	<u>10</u>
	<u>2,709</u>	<u>1,132</u>

8 Employees and directors

The Company had no employees during the financial period (Period ended 30 July 2022 - Nil).

During the period, no Directors received any emoluments (Period ended 30 July 2022 - \$Nil).

All of the Directors' remuneration for their services has been paid in the current and prior period by other Cisco group Companies. The Directors' services to the Company do not occupy a significant amount of their time and as such they do not consider that they have received any remuneration for their incidental services to the Company for the current or prior period. No recharge is made to AppDynamics UK Ltd for these services.

All of the Directors who served during the period (2022: all) received restricted stock units of Cisco Systems, Inc. for their services as an employee of the group companies.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

9 Tax on loss

Tax charged in the statement of comprehensive income

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Current taxation		
Adjustment in respect of previous periods	-	(3,613)
Foreign exchange differences	(174)	333
Total current income tax	(174)	(3,280)
Deferred taxation		
Origination and reversal of timing differences	6	2
Arising from changes in tax rates and laws	1	-
Total deferred taxation	7	2
Total tax per the statement of comprehensive income	(167)	(3,278)

The tax on loss for the period is higher than the standard rate of corporation tax in the UK (2022 - lower) of 20.96% (2022 - 19%). The UK corporation tax rate for the period is 20.96%. The UK Budget 2021 on 3 March 2021 announced an increase to the UK's main corporation tax rate to 25%, which came into effect on 1 April 2023. These changes were substantively enacted at the balance sheet date.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

9 Tax on loss (continued)

The differences are reconciled below:

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Loss before tax	(9,106)	(2,602)
Corporation tax at standard rate of 20.96% (2022: 19%)	(1,909)	(494)
Adjustment in respect of previous periods	-	(3,613)
Deferred tax not provided	1,407	-
Tax increase arising from group relief	508	496
Tax rate changes	1	-
Foreign exchange differences	(174)	333
Total tax credit	(167)	(3,278)

Deferred tax

	<i>For the period from 31 July 2022 to 29 July 2023 \$ 000</i>	<i>For the period from 01 August 2021 to 30 July 2022 \$ 000</i>
Asset at start of period	7	9
Deferred tax charged to the statement of comprehensive income	(7)	(2)
Asset at end of period	-	7

The deferred tax asset relates to fixed asset timing differences.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

The Company has £6,713,000 (2022: £nil) of unrecognised tax losses that are available indefinitely for offset against future taxable profits. No deferred tax asset has been recognised in respect of these losses due to uncertainty over their recoverability in the foreseeable future. If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £1,678,000 (2022: £nil).

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

10 Investments

On 14 July 2014, the Company acquired the entire share capital of AppDynamics International Ltd, a company incorporated in England and Wales, for a consideration of \$1,024,000. The investment in the subsidiary has been fully impaired. Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary name	Registered office	Holding	Proportion of voting rights and shares held		Year End
			29 July 2023	30 July 2022	
AppDynamics International Ltd *	5 Market Yard Mews 194-204 Bermondsey Street London SE1 3TQ United Kingdom	Ordinary	100%	100%	29 July 2023
AppDynamics Asia Pacific Pte. Ltd**	30 Cecil Street 19-08 Prudential Tower, 049712 Singapore	Ordinary	100%	100%	31 January 2023
AppDynamics Proprietary Limited**	3 Atherstone Bower 77 King Edward Road Lombardy East, 2090 South Africa	Ordinary	100%	100%	31 January 2023
AppDynamics Technologies India Private Limited**	3rd & 4th Floor, Commerz Krishnappa Garden Park, Bagmane Tech Park C V Raman Nagar Bangalore Kanataka, 560093 India	Ordinary	100%	100%	31 March 2023

* Direct holdings

** Indirect holdings

The activity of the subsidiaries are to sell the products and services of Cisco Systems International B.V. in the country of incorporation.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

11 Debtors

	<i>As at 29 July 2023 \$ 000</i>	<i>As at 30 July 2022 \$ 000</i>
Amounts owed by group undertakings	7,989	7,673
Deferred tax	-	7
Corporation tax	3,337	3,163
	<u>11,326</u>	<u>10,843</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest-bearing at a rate of SOFR 1m & 3m+32 bps. In 2022, the amounts owed by group undertakings were non-interest-bearing.

12 Creditors

	<i>As at 29 July 2023 \$ 000</i>	<i>As at 30 July 2022 \$ 000</i>
<i>Amount falling due within one period</i>		
Amounts owed to group undertakings	22,933	13,983
Amounts owed to subsidiaries	3,713	3,345
Taxation and social security	146	-
	<u>26,792</u>	<u>17,328</u>

Amounts owed to group undertakings are unsecured and repayable on demand. Balances denominated in US Dollars are interest-bearing at a rate of SOFR 1m & 3m+32bps whilst balances denominated in British Pounds are interest bearing at a rate of SONIA 1m & 3m+32bps. In 2022, the amounts owed to group undertakings were non-interest bearing.

Amounts owed to subsidiaries are unsecured, repayable on demand and non-interest bearing.

	<i>As at 29 July 2023 \$ 000</i>	<i>As at 30 July 2022 \$ 000</i>
<i>Amount falling due after more than one period</i>		
Amounts owed to group undertakings	<u>49,109</u>	<u>49,109</u>

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

12 Creditors (continued)

Five loan agreements were entered into between the Company and AppDynamics LLC. The due date for all is ten years after the date the agreements were entered into. There are no contractual instalment payments over the remaining loan period. The loan agreement stipulates an interest rate in line with the Applicable Federal Rate on the date of the agreement, and is calculated quarterly. The loans are unsecured, are due after more than one year but less than five years from the balance sheet date. The range for the long term Applicable Federal Rate for the period was 3.43% - 4.02% (Period ended 30 July 2022: 1.74% - 3.22%). Interest recognised from these loan agreements, which is included within the Amounts owed to group undertakings, amounted to \$1,853,000 (Period ended 30 July 2022: \$1,122,000). The Company did not make any principal payments during the period (Period ended 30 July 2022: \$6,500,000).

13 Capital and reserves

Allotted, called up and fully paid shares

	As at 29 July 2023		As at 30 July 2022	
	No.	\$ 000	No.	\$ 000
Ordinary shares of \$0.01 each	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>

Shares have attached full voting, dividend and capital contribution rights.

Share premium account

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

Capital contribution

The amount in the Statement of Financial Position results from recognising share options costs in the equity in prior periods.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

14 Related party transactions

The Company has taken advantage of FRS102 33.8 "Related Party Disclosures" from disclosing transactions with related parties that are wholly owned subsidiaries of Cisco Systems, Inc. group.

Notes to the Financial Statements

for the Period from 31 July 2022 to 29 July 2023

15 Parent undertaking and controlling party

The Company's immediate parent company is Cisco Worldwide Holdings Ltd, a company incorporated in Bermuda.

The ultimate parent is Cisco Systems, Inc., a company incorporated in the United States of America with a registered address of Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808-1674, USA. This is the smallest and largest group into which the financial statements of the Company are consolidated. The financial statements of Cisco Systems, Inc. can be obtained from Investor Relations Department, 170 West Tasman Drive, San Jose California, 95134-1706, USA, and available upon request from www.cisco.com, under Investor Relations.

In the opinion of the Directors, the ultimate controlling party is Cisco Systems, Inc.