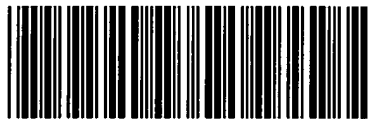


Company Registration No. 12299933 (England and Wales)

CROUD HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022

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CROUD HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D W Andrews J M Buhlmann J Fison R J E Holmes B W Knight L R B Smith
Company number	12299933
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Auditor	RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN

CROUD HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

Croud is a digital marketing agency. Using data, insight and automation, Croud drives growth for clients in search, display, social media, search engine optimisation (SEO), conversion rate optimisation (CRO) and data analytics. In the prior period, a minority equity stake in Croud Holdings Limited was sold to funds managed by LDC (Managers) Ltd to support the growth and acquisition strategy of the business, both in the UK and the USA.

With the investment made by LDC, the business will look to expand its base in the UK and the USA, taking advantage of the trend towards digital marketing. During the year, the group increased headcount, acquired 100% of the issued share capital of Verb Brands Limited and acquired the trade of Impakt Labs, LLC as part of its growth and acquisition strategy.

During the year, the group undertook a refinancing and secured a bank loan facility of £14m in June 2021. This, combined with its existing investment from LDC puts the group a strong position in which to expand.

Principal risks and uncertainties

Credit risk

The group's principal financial assets subject to credit risk arise from its trade debtors. This is managed through a diversified customer base in addition to performing credit checks on all clients and aging analysis on debtors balances.

Economic environment/uncertainty impacting marketing budgets of clients

Economic uncertainty and variability of marketing budgets of clients will always present a risk but the group has shown high client retention rates along with growing client numbers. Revenues will continue to grow at industry leading rates.

Employee retention

Our ability to attract and retain key personnel is an important aspect of our continued growth. The high standard that our clients have come to expect depends on us being able to attract and retain key personnel. Training and development is a key focus for the group.

Competitive risk

The market for the group's services remains highly competitive. We have shown excellent client retention rates and have seen media spend with retained clients grow year on year. We continue to receive excellent client feedback and are a top ranked agency by our partners Google, Facebook and Microsoft. We have consistently won new clients and continue to expand our staff headcount and remain confident this trend will continue with new prospects in the pipeline.

CROUD HOLDINGS LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****Key performance indicators**

The group uses a number of financial key performance indicators to measure effectively its ongoing development and to monitor the performance of the group:

	Year ended 31 March 2022	17 month period ended 31 March 2021 As restated
Turnover	£32,548,232	£29,984,640
Average number of employees	284	208
Revenue per head	£114,606	£144,157
Operating margin	3.2%	-15.1%
Loss before taxation	(£5,623,003)	(£12,740,612)
Loss before taxation, adjusted for one-off items	(£5,623,003)	(£10,860,968)
Net current assets	£5,231,228	£7,282,107

Further details on the restatement of the 2021 figures are disclosed in note 3.

On behalf of the board

DocuSigned by:

Ben Knight

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B W Knight

Director

24-Aug-2022 | 15:31 BST

Date:

CROUD HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and the consolidated financial statements of Croud Holdings Limited ('the company') and its subsidiaries, together referred to as 'the group', for the year ended 31 March 2022.

Principal activities

The principal activity of the company and group continued to be that of multi-channel digital marketing.

Results and dividends

The results for the year are set out on page 9.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D W Andrews
J M Buhlmann
J Fison
R J E Holmes
B W Knight
L R B Smith

Charitable donations

During the year, the group made charitable donations of £3,029 (2021: £12,117).

The group supported a number of charitable events during the year, including a donation to British Red Cross, Cancer Research and other national charities.

Research and development

The group continues to invest in the development of its bespoke software.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be put at a General Meeting.

CROUD HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the strategic report information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008 to be contained on the directors' report. It has done so in respect of future developments.

On behalf of the board

DocuSigned by:

2109506FE2CC4DD...
B W Knight
Director

24-Aug-2022 | 15:31 BST

Date:

CROUD HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROUD HOLDINGS LIMITED

Opinion

We have audited the financial statements of Croud Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROUD HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROUD HOLDINGS LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and revenue cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing a sample of transactions either side of year end.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Jonathan Da Costa FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
.24/08/2022.

CROUD HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

		Year ended 31 March 2022	Period ended 31 March 2021 As restated
	Notes	£	£
Turnover	4	32,548,232	29,984,640
Cost of sales		(16,204,000)	(14,295,173)
Gross profit		16,344,232	15,689,467
Administrative expenses		(15,318,899)	(20,231,232)
Operating profit/(loss)	8	1,025,333	(4,541,765)
Interest receivable and similar income	10	42	59
Interest payable and similar expenses	11	(6,648,378)	(8,198,906)
Loss before taxation		(5,623,003)	(12,740,612)
Tax on loss	12	(476,640)	494,570
Loss for the financial year		(6,099,643)	(12,246,042)
Other comprehensive income net of taxation			
Currency translation differences		63,356	62,726
Total comprehensive income for the year		(6,036,287)	(12,183,316)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Further details on the restatement of the 2021 figures are disclosed in note 3.

CROUD HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

		2022		2021	
	Notes	£	£	As restated	£
Fixed assets					
Goodwill	13	47,543,051		38,765,830	
Tangible assets	14	567,516		673,071	
		<u>48,110,567</u>		<u>39,438,901</u>	
Current assets					
Debtors	18	19,833,086		10,059,449	
Cash at bank and in hand		7,483,725		8,491,135	
		<u>27,316,811</u>		<u>18,550,584</u>	
Creditors: amounts falling due within one year	19	(22,085,583)		(11,268,477)	
Net current assets		<u>5,231,228</u>		<u>7,282,107</u>	
Total assets less current liabilities		<u>53,341,795</u>		<u>46,721,008</u>	
Creditors: amounts falling due after more than one year	20	(71,129,404)		(58,514,257)	
Net liabilities		<u>(17,787,609)</u>		<u>(11,793,249)</u>	
Capital and reserves					
Called up share capital	25	12,845		12,754	
Share premium account	26	419,149		377,313	
Translation reserve	26	126,082		62,726	
Profit and loss reserves	26	(18,345,685)		(12,246,042)	
Total equity		<u>(17,787,609)</u>		<u>(11,793,249)</u>	

Further details on the restatement of the 2021 figures are disclosed in note 3.

24-Aug-2022 | 15:31 BST

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

DocuSigned by:

 2109506FE2CC4DD...
 B W Knight
 Director

Company Registration No. 12299933

CROUD HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

		2022		2021	
	Notes	£	£	As restated	£
Fixed assets					
Investments	15	50,753,518		50,753,518	
Current assets					
Debtors	18	3,951,584		304,293	
Cash at bank and in hand		39,829		-	
		<u>3,991,413</u>		<u>304,293</u>	
Creditors: amounts falling due within one year	19	<u>(8,375,095)</u>		<u>(1,046,466)</u>	
Net current liabilities		<u>(4,383,682)</u>		<u>(742,173)</u>	
Total assets less current liabilities		46,369,836		50,011,345	
Creditors: amounts falling due after more than one year	20	(61,390,343)		(58,514,257)	
Net liabilities		<u>(15,020,507)</u>		<u>(8,502,912)</u>	
Capital and reserves					
Called up share capital	25	12,845		12,754	
Share premium account	26	419,149		377,313	
Profit and loss reserves	26	(15,452,501)		(8,892,979)	
Total equity		<u>(15,020,507)</u>		<u>(8,502,912)</u>	

Further details on the restatement of the 2021 figures are disclosed in note 3.

As permitted by section 408 of the Companies Act 2006, the company has not presented its own profit and loss account with the related notes, as it prepares group financial statements. The company's loss for the year was £6,559,522 (2021 - £8,892,979 loss).

24-Aug-2022 | 15:31 BST

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

DocuSigned by:

Ben Knight

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B W Knight

Director

CROUD HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Share capital £	Share premium account £	Translation reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 March 2021:						
Balance at 5 November 2019		-	-	-	-	-
Period ended 31 March 2021:						
Loss for the period		-	-	-	(12,246,042)	(12,246,042)
Other comprehensive income net of taxation:						
Currency translation differences		-	-	62,726	-	62,726
Total comprehensive income for the period		-	-	62,726	(12,246,042)	(12,183,316)
Issue of share capital	25	12,754	377,313	-	-	390,067
Balance at 31 March 2021		12,754	377,313	62,726	(12,246,042)	(11,793,249)
Year ended 31 March 2022:						
Loss for the year		-	-	-	(6,099,643)	(6,099,643)
Other comprehensive income net of taxation:						
Currency translation differences		-	-	63,356	-	63,356
Total comprehensive income for the year		-	-	63,356	(6,099,643)	(6,036,287)
Issue of share capital	25	91	41,836	-	-	41,927
Balance at 31 March 2022		12,845	419,149	126,082	(18,345,685)	(17,787,609)

CROUD HOLDINGS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 March 2021:					
Balance at 5 November 2019		-	-	-	-
Period ended 31 March 2021:					
Loss and total comprehensive income for the period		-	-	(8,892,979)	(8,892,979)
Issue of share capital	25	12,754	377,313	-	390,067
Balance at 31 March 2021		12,754	377,313	(8,892,979)	(8,502,912)
Year ended 31 March 2022:					
Loss and total comprehensive income for the year		-	-	(6,559,522)	(6,559,522)
Issue of share capital	25	91	41,836	-	41,927
Balance at 31 March 2022		12,845	419,149	(15,452,501)	(15,020,507)

CROUD HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	27	3,358,945		5,305,532	
Income taxes paid		(386,860)		-	
Net cash inflow from operating activities		2,972,085		5,305,532	
Investing activities					
Purchase of tangible fixed assets		(251,359)		(289,694)	
Purchase of subsidiaries		(2,341,473)		(24,967,490)	
Interest received		42		59	
Net cash used in investing activities		(2,592,790)		(25,257,125)	
Financing activities					
Proceeds from issue of shares		41,927		390,067	
Proceeds from issue of loan notes		-		30,173,451	
Repayment of loan notes		(12,000,000)		(1,800,000)	
Proceeds of new bank loans		11,580,000		304,710	
Repayment of bank loans		(601,197)		(423,433)	
Payment of finance lease obligations		(11,233)		-	
Interest paid		(396,202)		(202,067)	
Net cash (used in)/generated from financing activities		(1,386,705)		28,442,728	
Net (decrease)/increase in cash and cash equivalents		(1,007,410)		8,491,135	
Cash and cash equivalents at beginning of year		8,491,135		-	
Cash and cash equivalents at end of year		7,483,725		8,491,135	

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Croud Holdings Limited ('the company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF.

The group consists of Croud Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the directors' report.

Accounting convention

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

The financial statements are presented in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Croud Holdings Limited and all of its subsidiaries (that is entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

Notwithstanding the loss for the year (£6,099,643) and net liabilities of £17,787,609, the directors have prepared the financial statements on a going concern basis for the following reasons. The directors have prepared detailed revised forecasts, and these are regularly updated. Based on these forecasts and action plans the directors consider it is appropriate for the financial statements to be prepared on the going concern basis. At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period

The company was incorporated on 5 November 2019 and the comparative period reflects the results for the 17 month period to 31 March 2021. The current reporting period is the year ended 31 March 2022 and therefore, comparative amounts in these financial statements may not be entirely consistent or comparable.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years. The goodwill in relation to the acquisition of Impakt is amortised over 1 year.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property	over the remaining lease term
Office equipment	over 5 years
IT equipment	over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the subsidiary on acquisition is recognised as goodwill.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and loan notes, 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

The group operates an EMI scheme which has variable vesting periods as the share options will vest at the time of an exit event combined with a non-market performance condition that the employee is employed until the exit event occurs. The share-based payment cost is recognised only if the exercise price is greater than the fair value of the equity instrument granted.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

A deferred tax asset has been recognised as it is probable that the group and the company asset will be recovered against future taxable profits.

The areas where uncertainty of estimate arises are in the calculation of the useful lives of tangible and intangible assets, including goodwill and the provision for bad debts.

The carrying value of goodwill is subject to impairment reviews at least annually, and whenever there is evidence of impairment. The impairment analysis of goodwill requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Prior period adjustment

The group's financial statements for the year ended 31 March 2021 included a deferred tax asset of £1,057,061 in respect of Croud Holdings Limited's losses created by interest deductions on the loan notes. Due to the corporate interest restriction rules, these losses are restricted to significantly lower than those used in determining the 2021 deferred tax asset. The correct deferred tax asset position as at 31 March 2021 is £127,610. As such, the 2021 deferred tax asset in the balance sheet and the deferred tax credit in the profit and loss account were overstated by £929,451. The comparative figures in these financial statements have been restated to reflect the correct deferred tax position.

The restatement had no impact on the cash flows as reported at 31 March 2021 or on the opening retained earnings as at 5 November 2019.

Group	31 March 2021		31 March 2021
	As previously reported	Restatement	As restated
	£	£	£
Statement of Financial Position			
Debtors	10,988,900	(929,451)	10,059,449
Profit and loss reserves	(11,316,591)	(929,451)	(12,246,042)
	<u> </u>	<u> </u>	<u> </u>
Statement of Comprehensive Income			
Tax on loss	1,424,021	(929,451)	494,570
	<u> </u>	<u> </u>	<u> </u>
Company	31 March 2021		31 March 2021
	As previously reported	Restatement	As restated
	£	£	£
Statement of Financial Position			
Debtors	1,233,744	(929,451)	304,293
Profit and loss reserves	(7,963,528)	(929,451)	(8,892,979)
	<u> </u>	<u> </u>	<u> </u>
Statement of Comprehensive Income			
Tax on loss	1,057,061	(929,451)	127,610
	<u> </u>	<u> </u>	<u> </u>

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

4 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of services	32,548,232	29,984,640
	<u> </u>	<u> </u>
	2022 £	2021 £
Other revenue		
Interest income	42	59
	<u> </u>	<u> </u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	22,704,831	22,542,221
Rest of the World	9,843,401	7,442,419
	<u> </u>	<u> </u>
	32,548,232	29,984,640
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Sales and marketing	12	14	-	-
Management	16	9	3	3
Operations	256	185	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	284	208	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	14,452,344	15,122,348	50,000	62,500
Social security costs	1,462,134	1,361,571	5,679	7,314
Pension costs	233,602	243,649	-	125
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	16,148,080	16,727,568	55,679	69,939
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****6 Directors' remuneration**

	2022	2021
	£	£
Remuneration for qualifying services	563,998	1,120,300
Company pension contributions to defined contribution schemes	7,635	15,975
	<u>571,633</u>	<u>1,136,275</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	169,500	289,061
Company pension contributions to defined contribution schemes	4,635	-
	<u>174,135</u>	<u>289,061</u>

The number of Directors who exercised share options during the year was Nil (2021: 2).

During the year, retirement benefits were accruing for 3 (2021: 4) directors in respect of defined contribution pension schemes.

The directors of the group are all considered to be the key management personnel of the group.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

7 Share-based payment transactions

UK EMI Scheme

All eligible employees are granted share options in the group's EMI scheme, where services are rendered in exchange for rights over shares in the company. The awards are equity-settled and vest on an exit event, providing the employee is still employed at such a date.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of options is determined by a valuation performed at each grant date. Options are exercisable and convert to ordinary shares at the same time that they vest, being on an exit event. The event includes a sale of all or part of the company.

A reconciliation of share option movements over the year to 31 March 2022 is shown below.

Group and company	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 April 2021	246,789	-	0.13	-
Granted	50,141	246,789	0.71	0.13
Forfeited	(35,442)	-	0.20	-
Outstanding at 31 March 2022	261,488	246,789	0.22	0.13
Exercisable at 31 March 2022	-	-	-	-

The total charge for the period was nil, on the basis that the exercise price is consistent with the grant date fair value and at 31 March 2022 the date of an expected exit event is not known.

8 Operating profit/(loss)

	2022 £	2021 £
Operating profit/(loss) for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	113,994	37,001
Research and development costs	709,280	498,265
Depreciation of owned tangible fixed assets	404,096	585,534
Loss on disposal of tangible fixed assets	1,053	4,558
Amortisation of intangible assets	4,983,865	6,096,339
Operating lease charges	690,804	860,528

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****9 Auditor's remuneration**

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	34,025	27,750
Audit of the financial statements of the company's subsidiaries	55,975	26,250
	<u>90,000</u>	<u>54,000</u>

10 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	42	59
	<u>42</u>	<u>59</u>

11 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	396,201	-
Interest on loan notes	5,965,410	7,958,876
Amortisation of finance costs	284,835	240,030
Interest on finance leases	1,932	-
	<u>6,648,378</u>	<u>8,198,906</u>
Total finance costs	<u>6,648,378</u>	<u>8,198,906</u>

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2022**12 Taxation**

	2022	2021
	£	As restated £
Current tax		
UK corporation tax on profits for the current period	-	201,283
Foreign current tax on profits for the current period	614,535	-
	<u>614,535</u>	<u>201,283</u>
Total current tax	<u>614,535</u>	<u>201,283</u>
Deferred tax		
Origination and reversal of timing differences	407,336	(695,853)
Changes in tax rates	(575,084)	-
Adjustment in respect of prior periods	29,853	-
	<u>(137,895)</u>	<u>(695,853)</u>
Total deferred tax	<u>(137,895)</u>	<u>(695,853)</u>
Total tax charge/(credit)	<u>476,640</u>	<u>(494,570)</u>

The total tax charge/(credit) for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022	2021
	£	As restated £
Loss before taxation	(5,623,003)	(12,740,612)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,068,371)	(2,420,716)
Tax effect of expenses that are not deductible in determining taxable profit	1,946,373	2,839,878
Adjustments in respect of prior years	-	(14,889)
Permanent capital allowances in excess of depreciation	(56,164)	13,024
Research and development tax credit	(175,192)	(288,978)
Other permanent differences	18,295	(753,280)
Effect of overseas tax rates	234,022	25,571
Deferred tax adjustments in respect of prior years	29,853	(58,501)
Losses carried back	-	189,507
Losses brought forward	1,151	(102,278)
Deferred tax not recognised	23,997	74,032
Remeasurement of deferred tax for changes in rate	(477,324)	2,060
Taxation charge/(credit)	<u>476,640</u>	<u>(494,570)</u>

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

12 Taxation (Continued)

In the March 2021 Budget, the UK Government announced that legislation would be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. The legislation received Royal Assent on 10 June 2021 and became Finance Act 2021. As the changes had been substantively enacted at the balance sheet date, the deferred tax balances as at 31 March 2022 are measured at a rate of 25%.

Further details on the restatement of the 2021 figures are disclosed in note 3.

13 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 April 2021	44,862,169
Additions	13,761,086
	<hr/>
At 31 March 2022	58,623,255
	<hr/>
Amortisation and impairment	
At 1 April 2021	6,096,339
Amortisation charged for the year	4,983,865
	<hr/>
At 31 March 2022	11,080,204
	<hr/>
Carrying amount	
At 31 March 2022	47,543,051
	<hr/>
At 31 March 2021	38,765,830
	<hr/>

The company had no intangible fixed assets at 31 March 2022 or 31 March 2021.

Amortisation on intangible assets is charged to cost of sales.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

14 Tangible fixed assets

Group	Leasehold property £	Office equipment £	IT equipment £	Total £
Cost				
At 1 April 2021	784,518	337,945	462,094	1,584,557
Additions	-	24,913	226,446	251,359
Business combinations	-	4,192	15,822	20,014
Disposals	-	(3,759)	(1,190)	(4,949)
Exchange adjustments	10,339	3,319	44,118	57,776
At 31 March 2022	794,857	366,610	747,290	1,908,757
Depreciation and impairment				
At 1 April 2021	440,629	232,011	238,846	911,486
Depreciation charged in the year	175,749	74,670	153,677	404,096
Eliminated in respect of disposals	-	(2,198)	(1,698)	(3,896)
Exchange adjustments	6,804	6,816	15,935	29,555
At 31 March 2022	623,182	311,299	406,760	1,341,241
Carrying amount				
At 31 March 2022	171,675	55,311	340,530	567,516
At 31 March 2021	343,889	105,934	223,248	673,071

The company had no tangible fixed assets at 31 March 2022 or 31 March 2021.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	50,753,518	50,753,518

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 April 2021 and 31 March 2022	50,753,518
Carrying amount	
At 31 March 2022	50,753,518
At 31 March 2021	50,753,518

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Croud Inc Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Multi-Channel Digital Marketing	Ordinary	100.00	-
Croud Incorporated	450 Broadway, 2nd Floor, New York, NY 10013	Multi-Channel Digital Marketing	Ordinary	-	100.00
Croud Australia PTY Ltd	26-28 Wentworth Avenue, Surry Hills, NSW 2010	Multi-Channel Digital Marketing	Ordinary	-	100.00
Serpico Marketing Solutions Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Multi-Channel Digital Marketing	Ordinary	-	100.00
Verb Brands Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Multi-Channel Digital Marketing	Ordinary	-	100.00

For the year ending 31 March 2022 Serpico Marketing Solutions Ltd was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Acquisition

On 14 December 2021, the group acquired 100% of the issued share capital in Verb Brands Limited for consideration of £14,611,893. Directly attributable transaction costs totalling £171,929 have been capitalised in accordance with section 19 of FRS 102.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Property, plant and equipment	20,014	-	20,014
Debtors	1,136,812	-	1,136,812
Cash and cash equivalents	1,200,725	-	1,200,725
Creditors: amounts falling due within one year	(1,105,671)	-	(1,105,671)
Deferred tax liabilities	(7,256)	-	(7,256)
Total identifiable net assets	1,244,624	-	1,244,624
Goodwill			13,367,269
Total consideration			14,611,893
The consideration was satisfied by:			
			£
Cash			2,976,452
Deferred consideration			1,726,512
Contingent consideration			9,737,000
Transaction costs			171,929
			14,611,893
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			
			£
Turnover			1,525,387
Profit after tax			206,574

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Acquisition (Continued)

On 17 December 2021, the group acquired the trade of Impakt Labs, LLC for consideration of £393,817. Directly attributable transaction costs totalling £17,724 have been capitalised in accordance with section 19 of FRS 102.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
None	-	-	-
Goodwill			393,817
Total consideration			393,817
The consideration was satisfied by:			£
Cash			376,093
Transaction costs			17,724
			393,817

18 Debtors

	Group 2022	2021 As restated	Company 2022	2021 As restated
Amounts falling due within one year:	£	£	£	£
Trade debtors	15,821,133	7,095,007	-	-
Amounts owed by group undertakings	-	-	3,232,302	-
Other debtors	1,204,869	530,792	82,761	32,683
Prepayments and accrued income	825,493	582,698	96,400	144,000
	17,851,495	8,208,497	3,411,463	176,683
Deferred tax asset (note 23)	1,981,591	1,850,952	540,121	127,610
	19,833,086	10,059,449	3,951,584	304,293

Further details on the restatement of the 2021 figures are disclosed in note 3.

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****19 Creditors: amounts falling due within one year**

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	21	400,000	304,710	400,000	-
Obligations under finance leases	22	15,845	-	-	-
Other borrowings	21	2,650	-	-	-
Trade creditors		13,533,387	4,568,122	43,387	1,667
Amounts owed to group undertakings		-	-	-	393,401
Corporation tax payable		382,474	201,283	-	-
Other taxation and social security		676,100	394,135	-	-
Other creditors		4,545,512	3,174,294	7,858,060	625,290
Accruals and deferred income		2,529,615	2,625,933	73,648	26,108
		<u>22,085,583</u>	<u>11,268,477</u>	<u>8,375,095</u>	<u>1,046,466</u>

Other creditors includes deferred consideration of £1,726,512 (see note 17).

20 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	21	10,562,701	-	10,562,701	-
Obligations under finance leases	22	2,061	-	-	-
Other borrowings	21	50,827,642	56,790,467	50,827,642	56,790,467
Other creditors		9,737,000	1,723,790	-	1,723,790
		<u>71,129,404</u>	<u>58,514,257</u>	<u>61,390,343</u>	<u>58,514,257</u>

Other creditors in the current year represents contingent consideration of £9,737,000 (see note 17).

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****21 Borrowings**

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	10,962,701	304,710	10,962,701	-
Other borrowings	50,830,292	56,790,467	50,827,642	56,790,467
	<u>61,792,993</u>	<u>57,095,177</u>	<u>61,790,343</u>	<u>56,790,467</u>
Payable within one year	402,650	304,710	400,000	-
Payable after one year	<u>61,390,343</u>	<u>56,790,467</u>	<u>61,390,343</u>	<u>56,790,467</u>

During the year, the group undertook a refinancing and secured a bank loan facility of £14m in June 2021. The loan accrues interest at SONIA + 4%. Repayments are due in quarterly instalments of £100,000 and the final repayment date is July 2027. At the balance sheet date, £11,700,000 was outstanding under this facility which is presented net of loan arrangement fees of £737,299 which are being amortised over the term of the loan.

The other borrowings represent loan notes which are shown net of loan issue costs of £478,228 (2021: £657,564) which are being amortised over the term of the loan. The loan notes accrue interest at 12% and the final repayment date is November 2025.

The borrowings are secured by a debenture over all the assets and undertakings of the borrower and a cross company guarantee between the group companies, collateralised by debentures over the assets and undertakings of the companies.

22 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Less than one year	15,845	-	-	-
Between one and five years	2,061	-	-	-
	<u>17,906</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

23 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Assets 2022	Assets 2021 As restated
Group	£	£
Accelerated capital allowances	(292,871)	(54,042)
Losses and other deductions	2,273,358	1,981,424
Short term timing differences	1,104	(76,430)
	<u>1,981,591</u>	<u>1,850,952</u>
	<u>£</u>	<u>£</u>
Company	Assets 2022	Assets 2021 As restated
	£	£
Accelerated capital allowances	(244,103)	-
Losses and other deductions	780,570	207,116
Short term timing differences	3,654	(79,506)
	<u>540,121</u>	<u>127,610</u>
	<u>£</u>	<u>£</u>
Movements in the year:	Group 2022	Company 2022
	£	£
Asset at 1 April 2021 as restated	(1,850,952)	(127,610)
Charge/(credit) to profit or loss	437,189	(373,473)
Effect of change in tax rate - profit or loss	(575,084)	(39,038)
Acquired in the year	7,256	-
	<u>(1,981,591)</u>	<u>(540,121)</u>
	<u>£</u>	<u>£</u>

Further details on the restatement of the 2021 figures are disclosed in note 3.

24 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>233,602</u>	<u>243,649</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. At the balance sheet date, pension contributions of £62,412 (2021: £43,053) were outstanding.

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****25 Share capital**

	Group and Company			
	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
A Ordinary shares of 1p each	478,348	478,348	4,783	4,783
B1 Ordinary shares of 2p each	191,176	191,176	3,824	3,824
B2 Ordinary shares of 2p each	38,632	38,632	773	773
C Ordinary shares of 2p each	153,824	153,824	3,076	3,076
D2 Ordinary shares of 0.2p each	107,866	74,025	217	149
D3 Ordinary shares of 0.2p each	85,977	74,308	172	149
	<u>1,055,823</u>	<u>1,010,313</u>	<u>12,845</u>	<u>12,754</u>

During the year, the company issued 33,840 D2 Ordinary shares of £1.17 each and 11,669 D1 ordinary shares of 0.2p each with a total nominal value of £91 for consideration totalling £41,927. Share premium of £41,836 has been recognised on this transaction.

Ordinary share rights

A Ordinary, B1 Ordinary, B2 Ordinary and C Ordinary shares carry full voting rights and rights in respect of dividends.

D2 Ordinary and D3 Ordinary shares do not entitle the holder to vote or receive dividends.

The rights in respect of capital distributions vary between the different classes of share in accordance with the detailed terms set out in the Articles of Association.

26 Reserves**Share premium account**

The share premium account comprises amounts paid in excess of the nominal value of the share capital issued.

Translation reserve

The translation reserve comprises the net amount of all current and prior period foreign exchange adjustments arising upon consolidation.

Profit and loss reserves

The profit and loss reserves comprise cumulative profits and losses of the company and the group after any distributions to the owners.

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****27 Cash generated from group operations**

	2022	2021
	£	As restated £
Loss for the year after tax	(6,099,643)	(11,316,591)
Adjustments for:		
Taxation charged/(credited)	476,640	(1,424,021)
Finance costs	6,648,378	8,198,906
Investment income	(42)	(59)
Loss on disposal of tangible fixed assets	1,053	4,558
Amortisation and impairment of intangible assets	4,983,865	6,096,339
Depreciation and impairment of tangible fixed assets	404,096	585,534
Movement in foreign exchange	35,135	162,044
Movements in working capital:		
Increase in debtors	(8,552,670)	(816,613)
Increase in creditors	5,462,133	3,815,435
Cash generated from operations	<u>3,358,945</u>	<u>5,305,532</u>

28 Analysis of changes in net debt - group

	1 April 2021	Cash flows	Acquisitions and disposals	Non-cash movements	31 March 2022
	£	£	£	£	£
Cash at bank and in hand	8,491,135	(2,208,135)	1,200,725	-	7,483,725
Borrowings excluding overdrafts	(304,710)	(10,978,803)	-	320,812	(10,962,701)
Obligations under finance leases	-	11,233	(25,352)	(3,787)	(17,906)
Loan notes	(56,790,467)	12,000,000	-	(6,039,825)	(50,830,292)
	<u>(48,604,042)</u>	<u>(1,175,705)</u>	<u>1,175,373</u>	<u>(5,722,800)</u>	<u>(54,327,174)</u>

CROUD HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****29 Operating lease commitments****Lessee**

At the reporting end date, the group and the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	542,116	646,821	-	-
Between one and five years	307,453	836,920	-	-
	<u>849,569</u>	<u>1,483,741</u>	<u>-</u>	<u>-</u>

30 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year, the company was charged monitoring fees by a party related through significant influence of £157,842 (2021: £205,833) and the amount outstanding at the balance sheet date was £Nil (2021: £Nil).

During the year, interest on loan notes held by a party related through significant influence was charged of £2,419,955 (2021: £5,122,650) and the amount outstanding at the balance sheet date was £23,596,142 (2021: £29,689,256).

During the year, interest on loan notes held by directors was charged of £1,192,983 (2021: £2,450,061) and the amount outstanding at the balance sheet date was £11,435,413 (2021: £14,263,292).

31 Controlling party

The company is owned by a number of shareholders and a partnership, none of whom own more than 50% of the issued share capital of the company. Accordingly, there is no parent entity and the directors are of the opinion that there is no single ultimate controlling party.