

Company Registration No. 12299933 (England and Wales)

CROUD HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023



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 2023

The directors present the strategic report for the year ended 31 March 2023.

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.

During the year, the group secured an additional £7.4m of funds against their existing loan facility with HSBC. With these funds, the group acquired 100% of the issued share capital of Born Group Ltd and Born Social Limited as part of its growth and acquisition strategy. The group also increased headcount and will look to expand its base in the UK and the USA, taking advantage of the trend towards digital marketing.

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

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.

Future developments

The directors anticipate that the group will continue as a digital marketing agency for the foreseeable future. Additional future developments are disclosed above in the fair review of the business section.

CROUD HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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 2023	Year ended 31 March 2022
Turnover	£46,790,719	£32,548,232
Average number of employees	402	284
Revenue per head	£116,395	£114,606
Operating margin	(8.8%)	3.2%
Loss before taxation	(£11,874,160)	(£5,623,003)
Net current (liabilities)/assets	(£4,735,526)	£5,231,228

Promoting the success of the company

In performing their duties under section 172 of Companies Act 2006, the directors of the company have had regard to the matters set out in section 172(1) as follows:

The board of Croud Holdings Limited (the company) consider that they have adhered to the requirements of section 172 of the Companies Act 2006 (the Act) and have, in good faith, acted in a way that they consider would be most likely to promote the success of the company (and the group) for the benefit of its shareholders as a whole and in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in section 172(1)(a-f) of the Act) in its decision-making.

The new reporting legislation around stakeholder engagement is welcomed by the board and the commentary below sets out our section 172(1) statement. This statement provides details of key stakeholder engagement undertaken by the board during the year and how this helps the board to factor potential impacts on stakeholders in the decision making process.

The company considers that people, including shareholders, employees, clients and suppliers, are key to its long-term success.

Shareholders

The group has made significant investment in areas such as commercial, innovation and people as we believe this is in the long-term interest of the shareholders.

Long term consequences of decisions

Each role within the business has identified responsibilities which designate the level of decision making accordingly. The practicalities of client business operations will be overseen by head of departments and any other designated roles that may be required.

The CFO holds responsibilities for decision making within their own departments with feedback from board members where decisions may have a material impact on the business. The executive team meets monthly as does the board.

We also operate a monthly compliance committee to assess the business operations, as well as a quarterly ISO 27001 management review meeting to review the framework, interested parties and risk management. Outcomes from these meetings may be escalated to the executive team or the board for decision making when deemed necessary.

Where negative long-term consequences are identified, the relevant senior stakeholder will identify possible mitigations or alternative solutions. All negative long term consequences of any decision making would be escalated to the board to provide a final decision.

CROUD HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Employees

Our employees are our biggest asset and we strive to ensure that they have a workplace, physical and virtual, that they enjoy working in. We have various financial and non-financial reward schemes in place to recognise contributions made by employees. A weekly "Friday Five" staff newsletter is circulated so that people know what their colleagues have been up to and feel that they are part of the group. There are also regular "All Hands" meetings to communicate across the business which give employees the opportunity to raise questions directly to management.

Training and development is an important pillar which we invest in to make sure that employees are given the skill sets that they require to not only fulfil their current roles but also to progress in their careers. This is a framework of career development plans and objectives to support each individual through their journey with the business.

The company believes it is important to have an inclusive and diverse workforce and aims to achieve this through regular analysis of data and the publishing of a diversity and inclusion report. Initiatives are in place throughout the employee lifecycle from recruitment processes through to offboarding processes and a diversity policy helps to guide these processes. Our organisation strongly believes that wellbeing in the workplace is a key contributor to the success of the business and as such has a number of initiatives in place to support the wellbeing of its workforce such as wellness hubs, private medical healthcare and employee assistance programs.

Legal compliance is a key element to business operations within the group and associated policies are in place and regularly reviewed, updated and communicated to the workforce. Policies cover key elements such as but not limited to whistleblowing, modern slavery, anti harassment, anti money laundering.

Reputation for high standards of business conduct

Croud operates a number of policies in relation to business conduct including whistleblowing, anti bribery and corruption, anti money laundering and corporate criminal offence policies. Each of these policies will give an internal route or escalation point for employees to follow.

During induction and annually, staff are trained on the employee code of conduct and the business policies and reminded of the escalation points. Where relevant third party details are provided such as the ICO, Health and Safety commission or other such relevant organisations or bodies.

Croud's values are passion, imagination and integrity which feed through our internal communications, our relationships with third parties, such as clients and suppliers, and our general business operations.

Clients

Our clients are instrumental in shaping our business and strategic decisions are not taken without bearing in mind their requirements; we regard our clients as partners who can mutually benefit from the relationship. We continually engage with clients through our account planning and review processes to understand how better we can serve and accordingly make long-term and short-term decisions. We strive to be accessible to clients whenever they need our services and ensure that we collect their feedback through client satisfaction surveys at the end of each quarter and discuss their Net Promoter Scores internally.

We provide Service Level Agreements in all our contracts with our clients so they can monitor our performance and feedback if there is any change to requirements or any issues that may need addressing. In addition we hold regular calls with our clients in order to ensure we continue to understand their needs and goals and can put in place appropriate media planning to support them. If for any reason our services may be interrupted we communicate rapidly with clients to advise them of escalation points available to them.

Our client leadership and strategist teams are the voice of the client within the business and maintain regular communications with client stakeholders to assess how the relationship is progressing and identify any areas for improvement.

Our contracts state a dispute resolution process which is available to all clients, however through our client leadership teams and regular client meetings, we aim to identify and address any complaints quickly and before dispute resolution may be required.

CROUD HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Suppliers

The group relies on its extensive and reliable network of suppliers to be able to deliver a top quality but cost-effective service. Each supplier undergoes comprehensive due diligence and vetting at the onboarding stage to include technical, environment, social and governance considerations, compliance with law, business operations and diligent contracting; as well as signing Croud's supplier code of conduct.

We have nominated owners for all our key suppliers and such individuals work closely with them to maintain and build the relationship to the benefit of both parties. Depending on the nature of the supplier, the business aims to have regular meetings with each, either in person or through video conferencing. Payment and payment processes for suppliers is standardised across the business.

We have a business continuity plan in place that caters for or mitigates any unforeseen circumstances that may cause supply chain constraints. Croud is primarily cloud based, however for services and suppliers to our local offices, we aim to procure as many of our supplies as we can locally.

Communities

The company considers that it is important to engage with the community, so we encourage our employees, under our day-to-make-a-difference scheme, to take a day of paid leave to engage in the volunteering activities of their choice. We actively participate in local events to support charities or local organisations and we work closely with partners to be able to provide work experience and ready for work experiences. We have recently taken on sponsorship of Shrewsbury Town Football Club, Shrewsbury being the location of one of our offices. The company promotes that every individual within the organisation can put forward local community initiatives.

Environment

Croud recognises that it is on a journey with regards to its environmental footprint and has programs and processes in place on which it is continuing to build. We are conscious of the needs of the environment and have taken a number of steps to reduce our carbon footprint, which includes amongst others reduction of non-essential air travel, online meeting preferences, hybrid working and introducing recycling programs across all our offices. We promote a paperless environment where possible and have taken steps to reduce our consumption of paper through the electronic delivery of documents and letters to our clients.

We are also actively engaging with external partners to measure our carbon footprint in order to address future potential reductions. Working with a third party we have completed gap assessments of our ESG program and have targets in place on an annual basis to make improvements. Where we own the relationship with utilities suppliers for our offices, we have switched to green gas and electricity.

Croud is Ecovadis certified with silver rating and reviews our certification annually whilst working to improve our processes and practises in line with the certification.

On behalf of the board



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B W Knight
Director

Date: 31/08/23
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CROUD HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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 2023.

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 12. No dividends were paid during the year (2022: £Nil). The directors do not recommend the payment of a final dividend (2022: £Nil).

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 £7,241 (2022: £3,029).

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.

Energy and carbon reporting

The group has consumed more than 40,000 kWh of energy in this reporting period and therefore the emissions, energy consumption and energy efficient activities are reported below.

CROUD HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

<i>Energy consumption</i>		kWh
Aggregate of energy consumption in the year		159,529
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<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes
Scope 1 - direct emissions		
- Gas combustion	4.40	
- Fuel consumed for owned transport	-	
	<hr/>	4.40
Scope 2 - indirect emissions		
- Electricity purchased		28.38
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		4.67
		<hr/>
Total gross emissions		37.45
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<i>Intensity ratio</i>		
Tonnes CO2e per applicable employee		0.09
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Quantification and reporting methodology

The group has followed the HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per applicable employee, which is appropriate given the nature of the company being a holding company.

Measures taken to improve energy efficiency

The company has continued to fully embrace video conferencing technology for both internal and external meetings, to help reduce the volume of travel required within the business, and where physical meetings are required, car sharing to work is encouraged. Discussions continue with the landlord regarding allowing e-charging points at the office car park. All on-site equipment is maintained and monitored to ensure optimum efficiency. End-of-life equipment is replaced with energy efficient alternatives where possible and where commercially beneficial to do so.

CROUD HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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



.....
B W Knight

Director

Date: 31/08/23
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CROUD HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the strategic report, 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 2023, 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 2023 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 8, 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; and
- 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.

Jonathan Da Costa

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
31/08/23

CROUD HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	Continuing operations £	Discontinued operations £	31 March 2023 £	Continuing operations £	Discontinued operations £	31 March 2022 £
Turnover	3	46,214,209	576,510	46,790,719	31,379,084	1,169,148	32,548,232
Cost of sales		(23,766,204)	(636,822)	(24,403,026)	(15,581,344)	(622,656)	(16,204,000)
Gross profit		22,448,005	(60,312)	22,387,693	15,797,740	546,492	16,344,232
Administrative expenses		(26,151,883)	(364,964)	(26,516,847)	(14,700,004)	(618,895)	(15,318,899)
Operating (loss)/profit	7	(3,703,878)	(425,276)	(4,129,154)	1,097,736	(72,403)	1,025,333
Interest receivable and similar income	9	44,040	-	44,040	42	-	42
Interest payable and similar expenses	10	(7,789,046)	-	(7,789,046)	(6,648,378)	-	(6,648,378)
Loss before taxation		(11,448,884)	(425,276)	(11,874,160)	(5,550,600)	(72,403)	(5,623,003)
Tax on loss	11	(403,138)	-	(403,138)	(476,640)	-	(476,640)
Loss for the financial year		(11,852,022)	(425,276)	(12,277,298)	(6,027,240)	(72,403)	(6,099,643)
Other comprehensive income net of taxation							
Currency translation differences				(456,261)			63,356
Total comprehensive income for the year				(12,733,559)			(6,036,287)

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.

CROUD HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Goodwill	13	49,486,429		47,543,051	
Other intangible assets	13	2,273		-	
Total intangible assets		49,488,702		47,543,051	
Tangible assets	14	2,934,081		567,516	
		52,422,783		48,110,567	
Current assets					
Debtors	18	32,355,519		19,833,086	
Cash at bank and in hand		18,084,652		7,483,725	
		50,440,171		27,316,811	
Creditors: amounts falling due within one year	19	(55,175,697)		(22,085,583)	
Net current (liabilities)/assets		(4,735,526)		5,231,228	
Total assets less current liabilities		47,687,257		53,341,795	
Creditors: amounts falling due after more than one year	20	(77,906,440)		(71,129,404)	
Net liabilities		(30,219,183)		(17,787,609)	
Capital and reserves					
Called up share capital	25	13,633		12,845	
Share premium account	26	720,348		419,149	
Own shares	26	(2)		-	
Translation reserve	26	(330,179)		126,082	
Profit and loss reserves	26	(30,622,983)		(18,345,685)	
Total equity		(30,219,183)		(17,787,609)	

The financial statements were approved by the board of directors and authorised for issue on 31/08/23 and are signed on its behalf by:



B W Knight
Director

CROUD HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	15	50,753,518		50,753,518	
Current assets					
Debtors	18	10,095,957		3,951,584	
Cash at bank and in hand		6,773		39,829	
		10,102,730		3,991,413	
Creditors: amounts falling due within one year	19	(8,067,392)		(8,375,095)	
Net current assets/(liabilities)		2,035,338		(4,383,682)	
Total assets less current liabilities		52,788,856		46,369,836	
Creditors: amounts falling due after more than one year	20	(75,305,604)		(61,390,343)	
Net liabilities		(22,516,748)		(15,020,507)	
Capital and reserves					
Called up share capital	25	13,633		12,845	
Share premium account	26	720,348		419,149	
Own shares	26	(2)		-	
Profit and loss reserves	26	(23,250,727)		(15,452,501)	
Total equity		(22,516,748)		(15,020,507)	

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 £7,798,226 (2022: £6,559,522 loss).

The financial statements were approved by the board of directors and authorised for issue on 31/08/23 and are signed on its behalf by:



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B W Knight
Director

CROUD HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Own shares £	Translation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 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)
Transactions with owners in their capacity as owners:							
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)
Year ended 31 March 2023:							
Loss for the year		-	-	-	-	(12,277,298)	(12,277,298)
Other comprehensive income net of taxation:							
Currency translation differences		-	-	-	(456,261)	-	(456,261)
Total comprehensive income for the year		-	-	-	(456,261)	(12,277,298)	(12,733,559)
Transactions with owners in their capacity as owners:							
Issue of share capital	25	788	256,791	-	-	-	257,579
Own shares acquired	25	-	-	(36)	-	(4,906)	(4,942)
Sale of own shares	25	-	44,408	34	-	4,906	49,348
Balance at 31 March 2023		13,633	720,348	(2)	(330,179)	(30,622,983)	(30,219,183)

CROUD HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Own shares £	Profit and loss reserves £	Total £
As restated for the period ended 31 March 2022:						
Balance at 1 April 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)
Transactions with owners in their capacity as owners:						
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)
Year ended 31 March 2023:						
Loss and total comprehensive income for the year		-	-	-	(7,798,226)	(7,798,226)
Transactions with owners in their capacity as owners:						
Issue of share capital	25	788	256,791	-	-	257,579
Own shares acquired	25	-	-	(36)	(4,906)	(4,942)
Sale of own shares	25	-	44,408	34	4,906	49,348
Balance at 31 March 2023		13,633	720,348	(2)	(23,250,727)	(22,516,748)

CROUD HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	27	14,681,770		3,358,945	
Income taxes paid		(1,031,039)		(386,860)	
Net cash inflow from operating activities		13,650,731		2,972,085	
Investing activities					
Purchase of intangible assets		(2,273)		-	
Purchase of tangible fixed assets		(2,899,660)		(251,359)	
Purchase of subsidiaries, net of cash acquired		(6,159,630)		(2,341,473)	
Interest received		44,040		42	
Net cash used in investing activities		(9,017,523)		(2,592,790)	
Financing activities					
Proceeds from issue of shares		257,579		41,927	
Repayment of loan notes		-		(12,000,000)	
Proceeds of new bank loans		7,178,000		11,580,000	
Repayment of bank loans		(400,000)		(601,197)	
Payment of finance lease obligations		(16,075)		(11,233)	
Interest paid		(1,051,785)		(396,202)	
Net cash generated from/(used in) financing activities		5,967,719		(1,386,705)	
Net increase/(decrease) in cash and cash equivalents		10,600,927		(1,007,410)	
Cash and cash equivalents at beginning of year		7,483,725		8,491,135	
Cash and cash equivalents at end of year		18,084,652		7,483,725	

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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; and
- 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 2023. 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 2023

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 twelve 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 and the net liabilities position at the reporting period end date, the directors have prepared the financial statements on a going concern basis. The directors have prepared detailed forecasts, which are regularly revisited and updated. Based on these forecasts, significant group cash balances at the reporting period end date of £18,052,232 and their wider action plans, 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.

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.

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.

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.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	Over 5 years
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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 period end 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 2023

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 2023

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 period end 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 period end date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting period end 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 2023

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 2023

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 period end 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.

The areas where uncertainty of estimate arises are in the calculation of the useful lives of tangible assets and provisions for bad debts. Additionally, there is uncertainty of estimate in the deferred consideration calculations in relation to the acquisition of Verb Brands Limited and Born Social Limited as the deferred consideration is based on future revenue and profit forecasts which are deemed to be judgemental.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Sale of services	46,790,719	32,548,232
	<u>46,790,719</u>	<u>32,548,232</u>
Other revenue		
Interest income	44,040	42
	<u>44,040</u>	<u>42</u>
Turnover analysed by geographical market		
United Kingdom	33,927,588	22,704,831
Rest of the World	12,863,131	9,843,401
	<u>46,790,719</u>	<u>32,548,232</u>

4 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Sales and marketing	138	12	-	-
Management	14	16	6	3
Operations	250	256	-	-
Total	<u>402</u>	<u>284</u>	<u>6</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	23,902,387	14,452,344	50,000	50,000
Social security costs	2,900,556	1,462,134	5,943	5,679
Pension costs	375,920	233,602	-	-
	<u>27,178,863</u>	<u>16,148,080</u>	<u>55,943</u>	<u>55,679</u>

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	610,154	563,998
Company pension contributions to defined contribution schemes	7,913	7,635
	<u>618,067</u>	<u>571,633</u>

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

	2023 £	2022 £
Remuneration for qualifying services	184,628	169,500
Company pension contributions to defined contribution schemes	4,913	4,635
	<u>189,541</u>	<u>174,135</u>

The number of directors who exercised share options during the year was Nil (2022: Nil).

During the year, retirement benefits were accruing for 3 (2022: 3) 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 2023

6 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 2023 is shown below.

Group and company	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 April 2022	261,488	246,789	0.22	0.13
Granted	-	50,141	-	0.71
Forfeited	(40,863)	(35,442)	0.24	0.20
Outstanding at 31 March 2023	220,625	261,488	0.22	0.22
Exercisable at 31 March 2023	-	-	-	-

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 2023 the date of an expected exit event is not known.

During the year the group issued and allotted 394,670 (2022: 45,509) D Shares of 0.2p each (2022: 0.2p) to certain employees (see note 24). Consideration received for the allotment of these shares was £257,579 (2022: £41,927). The employees gain the benefit of these shares upon an exit event. The charge for the period for these shares was £Nil (2022: £Nil) on the basis that the date of an exit event is not known.

7 Operating (loss)/profit

	2023 £	2022 £
Operating (loss)/profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	12,615	113,994
Research and development costs	817,145	709,280
Depreciation of owned tangible fixed assets	625,627	404,096
Loss on disposal of tangible fixed assets	25,426	1,053
Amortisation of intangible assets	6,889,267	4,983,865
Operating lease charges	2,148,893	690,804

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	74,750	34,025
Audit of the financial statements of the company's subsidiaries	69,000	55,975
	<u>143,750</u>	<u>90,000</u>
For other services		
All other non-audit services	<u>19,520</u>	<u>-</u>

9 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	40,453	42
Other interest income	3,587	-
	<u>44,040</u>	<u>42</u>

10 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	1,011,920	396,201
Interest on loan notes	6,457,454	5,965,410
Amortisation of finance costs	304,850	284,835
Interest on finance leases	4,487	1,932
Other interest	10,335	-
	<u>7,789,046</u>	<u>6,648,378</u>

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Taxation

	2023 £	2022 £
Current tax		
Adjustments in respect of prior periods	(27,299)	-
Foreign current tax on profits for the current period	249,107	614,535
Total current tax	221,808	614,535
Deferred tax		
Origination and reversal of timing differences	114,696	407,336
Changes in tax rates	-	(575,084)
Adjustment in respect of prior periods	66,634	29,853
Total deferred tax	181,330	(137,895)
Total tax charge	403,138	476,640

The total tax charge 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:

	2023 £	2022 £
Loss before taxation	(11,874,160)	(5,623,003)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(2,256,090)	(1,068,371)
Tax effect of expenses that are not deductible in determining taxable profit	2,729,033	1,946,373
Tax effect of income not taxable in determining taxable profit	(11,970)	-
Adjustments in respect of prior years	(27,299)	-
Permanent capital allowances in excess of depreciation	(57,738)	(56,164)
Research and development tax credit	(181,315)	(175,192)
Other permanent differences	8,509	18,295
Effect of overseas tax rates	101,510	234,022
Deferred tax adjustments in respect of prior years	66,634	29,853
Losses brought forward	-	1,151
Deferred tax not recognised	12,834	23,997
Remeasurement of deferred tax for changes in rate	19,030	(477,324)
Taxation charge	403,138	476,640

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 2023 are measured at a rate of 25% (2022: 25%).

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

12 Discontinued operations

Closure of business segment

During the year, one of the group's subsidiaries, Croud Australia PTY Ltd, ceased trading. At 31 March 2023, the net assets of Croud Australia PTY Ltd were £101,776, primarily comprising cash and tax receivable balances. The directors have assessed the balances for indicators of impairment and determined that no material impairment is necessary.

13 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 April 2022	58,623,255	-	58,623,255
Additions - separately acquired	-	2,273	2,273
Additions - business combinations	15,311,501	-	15,311,501
Other changes	(6,478,856)	-	(6,478,856)
At 31 March 2023	67,455,900	2,273	67,458,173
Amortisation and impairment			
At 1 April 2022	11,080,204	-	11,080,204
Amortisation charged for the year	6,889,267	-	6,889,267
At 31 March 2023	17,969,471	-	17,969,471
Carrying amount			
At 31 March 2023	49,486,429	2,273	49,488,702
At 31 March 2022	47,543,051	-	47,543,051

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

At the reporting period end date, the group remeasured the contingent consideration liability relating to its acquisition of Verb Brands Limited in the year ended 31 December 2022. It has become unlikely that a portion of the contingent consideration will be payable, therefore the goodwill balance has been adjusted accordingly to reflect the cost of the business combination.

Amortisation on intangible assets is charged to administrative expenses.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Tangible fixed assets

Group	Leasehold property £	Office equipment £	IT equipment £	Total £
Cost				
At 1 April 2022	794,857	366,610	747,290	1,908,757
Additions	2,549,065	58,022	292,573	2,899,660
Business combinations	-	29,200	96,098	125,298
Disposals	-	(52,139)	(99,388)	(151,527)
Exchange adjustments	41,080	22,663	19,780	83,523
At 31 March 2023	3,385,002	424,356	1,056,353	4,865,711
Depreciation and impairment				
At 1 April 2022	623,182	311,299	406,760	1,341,241
Depreciation charged in the year	298,853	50,206	276,568	625,627
Eliminated in respect of disposals	-	(46,514)	(79,587)	(126,101)
Exchange adjustments	40,444	33,081	17,338	90,863
At 31 March 2023	962,479	348,072	621,079	1,931,630
Carrying amount				
At 31 March 2023	2,422,523	76,284	435,274	2,934,081
At 31 March 2022	171,675	55,311	340,530	567,516

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

Depreciation on tangible assets is charged to administrative expenses.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	16	-	-	50,753,518	50,753,518

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 April 2022 and 31 March 2023	50,753,518
Carrying amount	
At 31 March 2023	50,753,518
At 31 March 2022	50,753,518

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 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
Born Group Ltd	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Holding company	Ordinary	-	100.00
Born Social Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Multi-Channel Digital Marketing	Ordinary	-	100.00
Digital Business Developments Limited	Cannon Place, 78 Cannon Street, London, United Kingdom, EC4N 6AF	Dormant	Ordinary	-	100.00
Croud MENA DMCC	DMCC-EZ1-1AB Jumeirah Lakes Towers, Dubai, United Arab Emirates	Multi-Channel Digital Marketing	Ordinary	-	100.00

For the year ending 31 March 2023, Serpico Marketing Solutions Ltd and Born Group Ltd were 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 2023

17 Acquisition

On 11 November 2022, the group acquired 100% of the issued share capital in Born Group Ltd together with its subsidiary, Born Social Limited, for consideration of £16,950,002. Directly attributable transaction costs totalling £263,000 have been capitalised in accordance with section 19 of FRS 102.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Tangible assets	125,298	-	125,298
Debtors	2,178,891	-	2,178,891
Creditors	(2,321,389)	-	(2,321,389)
Cash and cash equivalents	1,655,701	-	1,655,701
	<u>1,638,501</u>	<u>-</u>	<u>1,638,501</u>
Total identifiable net assets			15,311,501
Goodwill			<u>16,950,002</u>
Total consideration			<u>16,950,002</u>
The consideration was satisfied by:			£
Cash			7,552,331
Contingent consideration			9,134,671
Directly attributable costs			263,000
			<u>16,950,002</u>
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			3,922,275
Profit after tax			<u>167,535</u>

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Debtors

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	26,233,211	15,821,133	-	-
Corporation tax recoverable	339,587	-	-	-
Amounts owed by group undertakings	-	-	8,658,966	3,232,302
Other debtors	781,789	1,204,869	392,623	82,761
Prepayments and accrued income	3,075,943	825,493	80,200	96,400
	<u>30,430,530</u>	<u>17,851,495</u>	<u>9,131,789</u>	<u>3,411,463</u>
Deferred tax asset (note 23)	1,924,989	1,981,591	964,168	540,121
	<u>32,355,519</u>	<u>19,833,086</u>	<u>10,095,957</u>	<u>3,951,584</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

19 Creditors: amounts falling due within one year

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Bank loans	21	-	400,000	-	400,000
Obligations under finance leases	22	1,831	15,845	-	-
Other borrowings	21	-	2,650	-	-
Trade creditors		29,498,885	13,533,387	99,728	43,387
Corporation tax payable		-	382,474	-	-
Other taxation and social security		8,405,320	676,100	-	-
Other creditors		13,422,018	4,545,512	7,858,060	7,858,060
Accruals and deferred income		3,847,643	2,529,615	109,604	73,648
		<u>55,175,697</u>	<u>22,085,583</u>	<u>8,067,392</u>	<u>8,375,095</u>

Other creditors due within one year includes contingent consideration of £3,258,144 (2022: £1,726,512) relating to the company's acquisition of Verb Brands Limited in the year ended 31 March 2022 and contingent consideration of £7,339,006 (2022: £Nil) relating to the company's acquisition of Born Group Ltd in the year ended 31 March 2023.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20. Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	21	17,841,171	10,562,701	17,841,171	10,562,701
Obligations under finance leases	22	-	2,061	-	-
Other borrowings	21	57,464,433	50,827,642	57,464,433	50,827,642
Other creditors		2,600,836	9,737,000	-	-
		<u>77,906,440</u>	<u>71,129,404</u>	<u>75,305,604</u>	<u>61,390,343</u>

Other creditors due after one year includes contingent consideration of £Nil (2022: £9,737,000) relating to the company's acquisition of Verb Brands Limited in the year ended 31 March 2022 and contingent consideration of £2,600,836 (2022: £Nil) relating to the company's acquisition of Born Group Ltd in the year ended 31 March 2023.

21. Borrowings

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	17,841,171	10,962,701	17,841,171	10,962,701
Other borrowings	57,464,433	50,830,292	57,464,433	50,827,642
	<u>75,305,604</u>	<u>61,792,993</u>	<u>75,305,604</u>	<u>61,790,343</u>
Payable within one year	-	402,650	-	400,000
Payable after one year	<u>75,305,604</u>	<u>61,390,343</u>	<u>75,305,604</u>	<u>61,390,343</u>

The group has a bank loan facility which 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, £18,700,000 (2022: £11,700,000) was outstanding under this facility which is presented net of loan arrangement fees of £858,829 (2022: £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 £298,892 (2022: £478,228) 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.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Less than one year	1,831	15,845	-	-
Between one and five years	-	2,061	-	-
	<u>1,831</u>	<u>17,906</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.

23 Deferred taxation

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

Group	2023 £	2022 £
Accelerated capital allowances	(683,013)	(292,871)
Losses and other deductions	2,518,594	2,273,358
Short term timing differences	89,408	1,104
	<u>1,924,989</u>	<u>1,981,591</u>
Company	2023 £	2022 £
Accelerated capital allowances	(289,430)	(244,103)
Losses and other deductions	1,192,398	780,570
Short term timing differences	61,200	3,654
	<u>964,168</u>	<u>540,121</u>
	Group 2023 £	Company 2023 £
Movements in the year:		
Asset at 1 April 2022 as restated	(1,981,591)	(540,121)
Charge/(credit) to profit or loss	181,330	(424,047)
Acquired in the year	(124,728)	-
	<u>(1,924,989)</u>	<u>(964,168)</u>

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

24 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	375,920	233,602

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 reporting period end date, pension contributions of £124,580 (2022: £62,412) were outstanding.

25 Share capital

	Group and Company			
	2023	2022	2023	2022
	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
D1 Ordinary shares of 0.2p each	41,748	-	83	-
D2 Ordinary shares of 0.2p each	115,001	107,866	230	217
D3 Ordinary shares of 0.2p each	85,977	85,977	172	172
D4 Ordinary shares of 0.2p each	28,914	-	58	-
D5 Ordinary shares of 0.2p each	69,078	-	138	-
D6 Ordinary shares of 0.2p each	77,800	-	156	-
D7 Ordinary shares of 0.002p each	79,610	-	159	-
D8 Ordinary shares of 0.002p each	90,384	-	181	-
	<u>1,450,492</u>	<u>1,055,823</u>	<u>13,633</u>	<u>12,845</u>

During the prior year, the company issued 33,840 D2 Ordinary shares of 0.2p each and 11,669 D1 Ordinary shares of 0.2p each for a total consideration of £41,927. Share premium of £41,836 was recognised on these transactions.

During the current year, the company issued 41,748 D1 Ordinary shares of 0.2p each, 7,136 D2 Ordinary shares of 0.2p each, 28,914 D4 Ordinary shares of 0.2p each, 69,078 D5 Ordinary shares, 77,800 D6 Ordinary shares, 79,610 D7 Ordinary shares of 0.2p and 90,384 D8 Ordinary shares of 0.2p for a total consideration of £257,579. Share premium of £256,791 has been recognised on these transactions.

During the current year, the company established an employee benefit trust ('EBT') in order to undertake share-based transactions with employees. As the sponsoring entity, Croud Holdings Limited has de facto control over the EBT and has accounted for the assets and liabilities of the EBT as an extension of its own business in accordance with the requirements of FRS 102. During the year, the EBT purchased 18,017 shares with a total nominal value of £36 from employees for non-cash consideration totalling £4,942. The share buy back was made out of distributable profits, resulting in a reduction in retained earnings of £4,906. Subsequently, the EBT sold 16,785 shares with a total nominal value of £34 to employees for non-cash proceeds of £49,348. Share premium of £44,408 has been recognised on the transaction. In accordance with the Companies Act 2006, the amount equal to the purchase price paid by the company for the shares (£4,906) has been credited to retained earnings.

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Share capital (Continued)

Ordinary share rights

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

D1 Ordinary, D2 Ordinary, D3 Ordinary, D4 Ordinary, D5 Ordinary, D6 Ordinary, D7 Ordinary and D8 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.

Own shares

The own shares represent the nominal value of shares in the company that are held by the company via its control of an employee benefit trust. At the reporting period end date, the EBT held 1,232 (2022: nil) D2 ordinary shares with a total nominal value of £2 (2022: £nil) in the company.

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.

27 Cash generated from group operations

	2023 £	2022 £
Loss for the year after tax	(12,277,298)	(6,099,643)
Adjustments for:		
Taxation charged	403,138	476,640
Finance costs	7,789,046	6,648,378
Investment income	(44,040)	(42)
Loss on disposal of tangible fixed assets	25,426	1,053
Amortisation and impairment of intangible assets	6,889,267	4,983,865
Depreciation and impairment of tangible fixed assets	625,627	404,096
Movement in foreign exchange	(448,921)	35,135
Movements in working capital:		
Increase in debtors	(9,671,235)	(8,552,670)
Increase in creditors	21,390,760	5,462,133
Cash generated from operations	14,681,770	3,358,945

CROUD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

28 Analysis of changes in net debt - group

	1 April 2022	Cash flows	Non-cash movements	31 March 2023
	£	£	£	£
Cash at bank and in hand	7,483,725	10,600,927	-	18,084,652
Borrowings excluding overdrafts	(10,962,701)	(6,600,000)	(278,470)	(17,841,171)
Obligations under finance leases	(17,906)	20,562	(4,487)	(1,831)
Loan notes	(50,830,292)	-	(6,634,141)	(57,464,433)
	<u>(54,327,174)</u>	<u>4,021,489</u>	<u>(6,917,098)</u>	<u>(57,222,783)</u>

29 Operating lease commitments

Lessee

At the reporting period 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 2023 £	2022 £	Company 2023 £	2022 £
Within one year	1,525,058	542,116	-	-
Between one and five years	6,402,233	307,453	-	-
	<u>7,927,291</u>	<u>849,569</u>	<u>-</u>	<u>-</u>

During the year, the group entered into a new 10 year lease for an office in London.

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 £186,691 (2022: £157,842) and the amount outstanding at the balance sheet date was £Nil (2022: £Nil).

During the year, interest on loan notes held by a party related through significant influence was charged of £3,906,881 (2022: £2,419,955) and the amount outstanding at the balance sheet date was £35,045,628 (2022: £23,596,142).

During the year, interest on loan notes held by directors was charged of £1,640,039 (2022: £1,192,983) and the amount outstanding at the balance sheet date was £14,711,537 (2022: £11,435,413).

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.