

SENTRYONE INNOVATIVE SOLUTIONS UK LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020



SENTRYONE INNOVATIVE SOLUTIONS UK LIMITED
REGISTERED NUMBER: 11429326

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	Restated 2019 £
Current assets			
Debtors: amounts falling due within one year	4	163,737	94,979
Cash at bank and in hand	5	25,209	28,245
		<u>188,946</u>	<u>123,224</u>
Creditors: amounts falling due within one year	6	(74,038)	(55,332)
		<u></u>	<u></u>
Net current assets		114,908	67,892
		<u></u>	<u></u>
Total assets less current liabilities		114,908	67,892
		<u></u>	<u></u>
Net assets		114,908	67,892
		<u></u>	<u></u>
Capital and reserves			
Called up share capital		1	1
Other reserves		23,592	12,015
Profit and loss account		91,315	55,876
		<u>114,908</u>	<u>67,892</u>
		<u></u>	<u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 October 2021.



John David Owens
Director

The notes on pages 4 to 10 form part of these financial statements.

SENTRYONE INNOVATIVE SOLUTIONS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020 (as previously stated)	1	-	54,674	54,675
Prior year adjustment	-	12,015	1,202	13,217
At 1 January 2020 (as restated)	1	12,015	55,876	67,892
Comprehensive income for the year				
Profit for the year	-	-	35,439	35,439
Total comprehensive income for the year	-	-	35,439	35,439
Share based payment charge	-	11,577	-	11,577
Total transactions with owners	-	11,577	-	11,577
At 31 December 2020	1	23,592	91,315	114,908

The notes on pages 4 to 10 form part of these financial statements.

SENTRYONE INNOVATIVE SOLUTIONS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	-	-	21,385	21,385
Comprehensive income for the year				
Profit for the year	-	-	34,491	34,491
Total comprehensive income for the year	-	-	34,491	34,491
Shares issued during the year	1	-	-	1
Share-based payment	-	12,015	-	12,015
Total transactions with owners	1	12,015	-	12,016
At 31 December 2019	1	12,015	55,876	67,892

The notes on pages 4 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Sentryone Innovative Solutions UK Limited is a private company limited by shares incorporated in England and Wales in the United Kingdom. The address of the registered office is 5 New Street Square London, EC4A 3TW. The nature of the company's operations and principal activities are the provision of contract software development services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in pounds sterling, the functional currency, rounded to the nearest £1.

There is a prior year adjustment in the financial statements for the year to 31 December 2019 and the comparatives have been restated. See note 8.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a basis other than going concern, see note 11.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Pensions

Defined contribution pension plan

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.5 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when

SENTRYONE INNOVATIVE SOLUTIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.11 Financial instruments (continued)**

there is an 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.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2019 - 3).

4. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	129,610	65,159
Prepayments and accrued income	33,754	29,447
Deferred taxation	373	373
	<u>163,737</u>	<u>94,979</u>

5. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	25,209	28,245
	<u>25,209</u>	<u>28,245</u>

6. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	13,933	4,952
Corporation tax	14,128	8,448
Accruals and deferred income	45,977	41,932
	<u>74,038</u>	<u>55,332</u>

SENTRYONE INNOVATIVE SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Share based payments

The cash settled share based payments made in the year were in respect of the share appreciation rights granted to designated employees. This scheme was operated by the parent entity, SQL Sentry LLC, inclusive of employees of Sentryone Innovative Solutions UK Limited, and is thus accounted for in Sentryone Innovative Solutions UK Limited as a equity settled share based payment. The share appreciation rights and their respective value were based on the appreciation in equity value of the Company upon a Sale Transaction. The valuation method used was a discounted cashflow. During the year there were 45,000 (2019: 258,577) Share Appreciation Rights issued, and 405,077 rights were exercised. The respective share based payment charge in the year was £11,577 (2019: £12,015).

8. Prior year adjustment

Prior year figures have been adjusted to reflect a share scheme operated by the parent company previously unrecognised. A share-based payment charge of £12,015 has been recognised in the year to 31 December 2019 in relation to this scheme along with a transfer pricing adjustment of £1,202, totalling £13,217. Profit and loss reserves have increased by £1,202, Other reserves increased by £12,015 and Accrued income in debtors has increased by £13,217.

9. Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 102 Section 33 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

10. Parent entity

The parent entity is SQL Sentry LLC, a company incorporated in the United States of America. During the year the ultimate parent company & controlling party became SolarWinds Corporation, a company incorporated in the United States of America.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Going Concern

The directors assess whether the use of going concern is appropriate, i.e whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

During the year a decision was made by the directors that the ongoing trade and operating assets and liabilities of the Company would be transferred to a group entity. This transfer was made on 1 January 2021 and therefore the Company ceased to trade on that date. The directors have concluded that, as they are working to liquidate the Company within the next 12 months, they will not adopt the going concern basis of accounting in the preparation of the financial statements.

These financial statements have therefore been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. No restatement of assets and liabilities had been required in respect of these transfers. Provision has also been made for any contractual commitments that have become onerous at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance sheet date.

The directors do not consider that there would be any material differences to the reported results of the Company if the going concern basis of preparation had been applied to these financial statements.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 20 October 2021 by Neil Stern (Senior statutory auditor) on behalf of MHA MacIntyre Hudson.