Company Registration No. SC538756 (Scotland)

CYAN FORENSICS LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

PAGES FOR FILING WITH REGISTRAR

CYAN FORENSICS LTD

COMPANY INFORMATION

Directors	Mr Ian Stevenson	
	Mr Simon Hardy	
	Mercia Fund Management (Nominees) Limited	
	Mary Jane Brouwers	(Appointed 5 November 2018)
Secretary	MBM Secretarial Services Ltd	
Company number	SC538756	
Registered office	5th Floor 125 Princes Street EDINBURGH EH2 4AD	
Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL	

CYAN FORENSICS LTD

CONTENTS

CYAN FORENSICS LTD

BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	5		227,152		107,944
Tangible assets	6		15,449		5,234
Current assets					
Stocks		982		454	
Debtors	7	93,458		13,498	
Cash at bank and in hand		672,221		171,644	
		766,661		185,596	
Creditors: amounts falling due within one year	8	(56,315)		(28,325)	
Net current assets			710,346		157,271
Total assets less current liabilities			952,947		270,449
Capital and reserves					
Called up share capital	10		20		12
Share premium account			1,396,358		413,702
Profit and loss reserves			(443,431)		(143,265)
Total equity			952,947		270,449

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 31/01/2019 and are signed on its behalf by:

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Mr Ian Stevenson

Director

Company Registration No. SC538756

CYAN FORENSICS LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 23 June 2016		-	-	-	-
Period ended 30 September 2017:					
Loss and total comprehensive income for the period		-	-	(143,265)	(143,265)
Issue of share capital	**10**	12	413,702	-	413,714
Balance at 30 September 2017		12	413,702	(143,265)	270,449
Period ended 30 September 2018:					
Loss and total comprehensive income for the period		-	-	(300,166)	(300,166)
Issue of share capital	**10**	8	982,656	-	982,664
Balance at 30 September 2018		20	1,396,358	(443,431)	952,947

CYAN FORENSICS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

Cyan Forensics Ltd is a private company limited by shares incorporated in Scotland. The registered office is 5th Floor, 125 Princes Street, EDINBURGH, EH2 4AD.

1.1 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" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operations for the foreseeable future.

The company made a loss for the period of £300,166 but had net assets of £952,947 which includes cash and cash equivalents of £672,221 as at the period end. As a result, the directors are of the opinion that whilst there there is an element of uncertainty they still believe the going concern basis of preparation of the financial statements is appropriate.

1.3 Reporting period

These financial statements cover the year to 30 September 2018. The prior period covered the period from incorporation on 23 June 2016 to 30 September 2017.

1.4 Turnover

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue 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, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1 Accounting policies **(Continued)**

1.5 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 cost or value of the asset can be measured reliably.

The directors have chosen to capitalise certain employee costs relating to the development of a software asset. Employees assigned to this are the technical team who undertake software development. Their time is dedicated to building the software that forms this asset, including managing the process of building the asset. No other costs are capitalised.

The directors consider the intangible assets to have a useful life of 10 years. They have not yet been brought into use therefore amortisation has not yet begun. 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:

Development costs	Not amortised

1.6 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:

Fixtures and fittings	20% straight line
Computers	33.33% straight line

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.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

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.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets 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.

1.10 Financial instruments

The company 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 in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.13 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 stock or 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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1 Accounting policies **(Continued)**

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Operating loss

Operating loss for the period is stated after charging:	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's financial statements	3,250	3,000

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 9 (2017 - 5).

4 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	80,250	79,594
Company pension contributions to defined contribution schemes	3,399	3,250
Sums paid to third parties for directors' services	-	-
	83,649	82,844

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

5 Intangible fixed assets

	Development costs
	£
Cost	
At 1 October 2017	107,944
Additions	119,208
At 30 September 2018	227,152
Amortisation and impairment	
At 1 October 2017 and 30 September 2018	-
Carrying amount	
At 30 September 2018	227,152
At 30 September 2017	107,944

6 Tangible fixed assets

	Fixture, fitting and office equipments
	£
Cost	
At 1 October 2017	6,203
Additions	13,992
At 30 September 2018	20,195
Depreciation and impairment	
At 1 October 2017	969
Depreciation charged in the year	3,777
At 30 September 2018	4,746
Carrying amount	
At 30 September 2018	15,449
At 30 September 2017	5,234

7 Debtors

Amounts falling due within one year:	2018 £	2017 £
Corporation tax recoverable	48,416	-
Other debtors	45,042	13,498
	93,458	13,498

8 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	11,659	7,138
Other taxation and social security	12,159	6,173
Other creditors	32,497	15,014
	56,315	28,325

9 Share-based payment transactions

The company has issued share options under the terms of its EMI option scheme. The estimated fair value of the options outstanding in the year was calculated by applying the Black Scholes model. The expense recognised for share based payments in respect of employee services received during the year to 30 September 2018 is £nil (2017: £nil).

Options are exercisable on the occurrence of certain events as outlined in the option rules.

The only other condition of vesting is remaining an employee. On ceasing to be an employee, any unvested options lapse. If exercised, the options lapse no later than the tenth anniversary of the date of grant.

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	Number of share options		Weighted average exercise price	
	2018 Number	2017 Number	2018 £	2017 £
Outstanding at 1 October 2017	5,480	-	7.19	-
Granted	-	5,480	-	7.19
Outstanding at 30 September 2018	5,480	5,480	7.19	7.19
Exercisable at 30 September 2018	-	-	-	-

10 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
73,056 Ordinary shares of 0.01p each	7	7
124,433 A Ordinary shares of 0.01p each	13	5
	20	12

The company has two classes of ordinary shares which carry no right to fixed income. Both classes of ordinary shares have the same rights being full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

On 23 February 2018 2,631 £0.0001 A Ordinary shares were issued for £9.50 per share.

On 5 March 2018 a further 10,526 £0.0001 A Ordinary shares were issued for £9.50 per share.

On 15 June 2018 31,692 £0.0001 A Ordinary shares were issued for £13.41. Also on that date 5,592 £0.0001 Ordinary shares were issued for £13.41 per share.

On 4 September 2018 27,963 £0.0001 A Ordinary shares were issued for £13.41 per share and 1,864 £0.0001 Ordinary shares were issued for £13.41 per share.

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Barry Truswell.
The auditor was Chiene + Tait LLP.

12 Operating lease commitments

Lessee

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

	2018	2017
	£	£
Not later than 1 year	-	5,816

13 Related party transactions

The company has chosen to take advantage of the exemption under FRS102 section 1AC.35 not to disclose related party transactions.

13 Related party transactions

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