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Registered number: 09673268

PREVALENT LTD.
(formerly known as 3GRC Limited)

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2019

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PREVALENT LTD.
REGISTERED NUMBER: 09673268

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	16,374	19,264
Tangible assets	5	130,806	159,996
		<u>147,180</u>	<u>179,260</u>
Current assets			
Debtors: amounts falling due after more than one year	6	23,814	23,814
Debtors: amounts falling due within one year	6	1,984,743	1,202,400
Current asset investments	7	-	506,157
Cash at bank and in hand	8	428,111	391,636
		<u>2,436,668</u>	<u>2,124,007</u>
Creditors: amounts falling due within one year	9	(1,782,046)	(1,407,745)
Net current assets		<u>654,622</u>	<u>716,262</u>
Total assets less current liabilities		<u>801,802</u>	<u>895,522</u>
Creditors: amounts falling due after more than one year	10	(138,159)	(138,924)
Provisions for liabilities			
Deferred tax		-	(18,206)
Other provisions	12	(30,000)	(30,000)
		<u>(30,000)</u>	<u>(48,206)</u>
Net assets		<u><u>633,643</u></u>	<u><u>708,392</u></u>

PREVALENT LTD.
REGISTERED NUMBER: 09673268

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	2019 £	2018 £
Capital and reserves		
Called up share capital	119	114
Profit and loss account	633,524	708,278
	<u>633,643</u>	<u>708,392</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 profit and loss account 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 by:


J. Ray
Director

Date: 3/11/2021

The notes on pages 4 to 13 form part of these financial statements.

PREVALENT LTD.

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

	Called up share capital £	Profit and loss account £	Total equity £
At 7 January 2018	113	(109,694)	(109,581)
Comprehensive income for the year			
Profit for the year	-	907,972	907,972
Total comprehensive income for the year	-	907,972	907,972
Contributions by and distributions to owners			
Dividends	-	(90,000)	(90,000)
Shares issued during the year	1	-	1
Total transactions with owners	1	(90,000)	(89,999)
At 1 January 2019	114	708,278	708,392
Comprehensive income for the year			
Loss for the year	-	(352,318)	(352,318)
Total comprehensive income for the year	-	(352,318)	(352,318)
Contributions by and distributions to owners			
Shares issued during the year	5	-	5
Share based payments	-	277,564	277,564
Total transactions with owners	5	277,564	277,569
At 31 December 2019	119	633,524	633,643

The notes on pages 4 to 13 form part of these financial statements.

PREVALENT LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Prevalent Ltd. (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is First Floor, 10/11 Cedarwood, Chineham Business Park, Crockford Lane, Basingstoke, Hampshire, RG24 8WD.

The company changed its name from 3GRC Limited to Prevalent Ltd. on 2 December 2019.

The principal activity of the Company is that of the provision of IT security services and support.

The financial statements are presented in pounds sterling, which is the functional currency of the Company, and rounded to the nearest whole £.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

In March 2020 the global economy was impacted by the COVID-19 viral pandemic. The directors have taken appropriate actions to ensure that operations are able to continue and do not believe that this will impact on the ability of the Company to continue as a going concern.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

PREVALENT LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 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.

License revenue from subscriptions is recognised ratably over the term of the license.

Consultancy revenue is recognised as the service is delivered.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Pensions

The Company operates a defined contribution 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 the Profit and Loss Account when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account 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.

PREVALENT LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.8 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.

2.9 Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. Provision is made for any impairment.

The estimated useful lives range as follows:

Development expenditure	-	10	years
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2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PREVALENT LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives as follows:

Depreciation is provided on the following basis:

Leasehold improvements	-	20%	Straight line
Motor vehicles	-	25%	Reducing balance
Fixtures and fittings	-	20%	Straight line
Office equipment	-	33%	Straight line

2.11 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.

2.12 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.

2.13 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.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.15 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.

2.16 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.

PREVALENT LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 43 (2018 - 37).

4. Intangible assets

	Development £
Cost	
At 1 January 2019	28,897
At 31 December 2019	<u>28,897</u>
Amortisation	
At 1 January 2019	9,633
Charge for the year on owned assets	2,890
At 31 December 2019	<u>12,523</u>
Net book value	
At 31 December 2019	<u>16,374</u>
At 31 December 2018	<u>19,264</u>

The development intangible relates to the company's software which was developed by an external third party and has been capitalised in line with FRS 102.

PREVALENT LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2019	71,389	27,793	27,711	98,491	225,384
Additions	-	-	1,551	31,874	33,425
At 31 December 2019	<u>71,389</u>	<u>27,793</u>	<u>29,262</u>	<u>130,365</u>	<u>258,809</u>
Depreciation					
At 1 January 2019	14,968	8,854	5,251	36,315	65,388
Charge for the year on owned assets	14,277	4,735	5,253	38,350	62,615
At 31 December 2019	<u>29,245</u>	<u>13,589</u>	<u>10,504</u>	<u>74,665</u>	<u>128,003</u>
Net book value					
At 31 December 2019	<u>42,144</u>	<u>14,204</u>	<u>18,758</u>	<u>55,700</u>	<u>130,806</u>
At 31 December 2018	<u>56,421</u>	<u>18,939</u>	<u>22,460</u>	<u>62,176</u>	<u>159,996</u>

PREVALENT LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	23,814	23,814
	<u>23,814</u>	<u>23,814</u>
	2019 £	2018 £
Due within one year		
Trade debtors	867,285	1,096,640
Amounts owed by group undertakings	867,117	-
Other debtors	-	21
Prepayments and accrued income	50,639	85,522
Tax recoverable	199,702	20,217
	<u>1,984,743</u>	<u>1,202,400</u>

7. Current asset investments

	2019 £	2018 £
Short term deposits	-	506,157
	<u>-</u>	<u>506,157</u>

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	428,111	391,636
	<u>428,111</u>	<u>391,636</u>

PREVALENT LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	46,126	64,662
Amounts owed to group undertakings	1,605	-
Corporation tax	-	122,205
Other taxation and social security	198,595	210,983
Obligations under finance lease and hire purchase contracts	11,398	12,842
Other creditors	8,035	8,330
Accruals and deferred income	1,516,287	988,723
	<u>1,782,046</u>	<u>1,407,745</u>

10. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	26,540	37,938
Accruals and deferred income	111,619	100,986
	<u>138,159</u>	<u>138,924</u>

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	11,398	12,842
Between 1-5 years	26,540	37,938
	<u>37,938</u>	<u>50,780</u>

PREVALENT LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Provisions

	Dilapidations provision £
At 1 January 2019	30,000
At 31 December 2019	<u>30,000</u>

The dilapidations provision relates to the estimated costs of removal of assets when exiting the property lease.

13. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £33,555 (2018 - £18,191). Contributions totalling £7,976 (2018 - £8,330) were payable to the fund at the balance sheet date and are included in other creditors.

14. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	52,920	39,690
Later than 1 year and not later than 5 years	317,520	291,060
Later than 5 years	238,140	317,520
	<u>608,580</u>	<u>648,270</u>

15. Controlling party

The immediate and ultimate parent company is Prevalent, Inc., a company incorporated in Delaware, USA.

Prevalent, Inc. is the smallest group for which consolidated accounts including the Company are prepared. The registered office of Prevalent, Inc. is 11811 N. Tatum Boulevard, Phoenix, AZ 85028, USA.

PREVALENT LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on 12 March 2021 by Anthony Campbell (Senior Statutory Auditor) on behalf of Nortons Assurance Limited.