

Glebe Holdings Limited

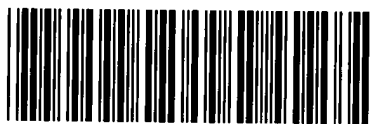
Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 11228734

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Glebe Holdings Limited

Company Information

Director	P M K Doye
Company secretary	Reed Smith Corporate Services Limited
Registered number	11228734
Registered office	East Moor House Green Park Business Centre Sutton-On-The-Forest York YO61 1ET
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	Lloyds Bank 65-68 Briggate Leeds LS1 6LH

Glebe Holdings Limited

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Glebe Holdings Limited

Group Strategic Report For the Year Ended 31 December 2019

The director presents the strategic report together with the audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activities of the group throughout the year remained as the provision of a comprehensive range of IT services and solutions to the public and private sectors.

Business review and key performance indicators

Prior to 21 May 2019, the company did not trade, though during the period, on the 21 May 2019, the company acquired the entire share capital of Hocomm Limited and its subsidiary, Boxxe Limited (previously Software Box Limited). The year end date of these newly acquired subsidiaries was changed to 31 December from 31 August to ensure alignment across the group.

The directors are pleased with the results of the consolidated group for the 7 month period ending 31 December 2019 and places the business in a good position for future growth.

Sales in the main trading subsidiary, Boxxe Limited (previously Software Box Limited) for its 16 month period, from 1 September 2018 to 31 December 2019, grew to £274m from the last reported figures of £139m for the 12 month period to 31 August 2018. Whilst a direct comparison is not possible due to the extension of the accounting period, it shows revenue growth of 96% between the two periods. Gross profit increased by 43% in the period, growing to £14.8m (£10.4m). Sales included in the group results, from the main trading subsidiary, Boxxe Limited (previously Software Box Limited), for the 7 month period to 31 December 2019 (post acquisition), amounted to £137m, with gross profit of £6.1m.

The main trading subsidiary, Boxxe Limited (previously Software Box Limited) has also seen growth in its own service and consultancy business during the year growing by 85% from its previous reported period. This included large managed service contracts across public sector.

Large investments have been made in the group since acquisition in May 2019 to accelerate the addition of services and solutions to support our customers, especially around their digital transformation journey and to deliver growth in the future. As part of the investment we continue to invest in our people and recruit additional personnel to support growth ambitions. In addition, there were also restructuring costs in the year in excess of £400k which has resulted in a slight decline in operating profit from 2018 to £2.43m.

At the end of the period the group had a strong balance sheet with good cash reserves of in excess of £11.2m and no debt with a healthy current ratio of 1.8, allowing future investments to be funded through its own cash reserves if it wishes.

Future developments

The group made a decision to update the brand and name of the trading subsidiary, to support the vision as a leading provider of technology services. On the 1 September 2020 the business rebranded as Boxxe Limited, from the previous name of Software Box Limited.

Principal risks and uncertainties

The group operates in a highly competitive market and in this regards margins are constantly under pressure. The business mitigates this risk by developing leading solutions to help existing and new customers with their digital transformation strategies whilst also developing new selling models for its customers.

The director does not consider there to be a significant impact on the group as a result of Brexit.

Glebe Holdings Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

Financial risk management objectives and policies

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The main risk arising from financial instruments is liquidity risk and in this respect cash flow is monitored by the directors on a regular basis. Bank balances are structured to enable cash to be available when required.

The group does not operate in a significant manner in overseas markets nor does it pay suppliers in non-Sterling currencies. As a result, the director does not envisage any significant currency risk attached to the group for trade debtors and creditors.

The group monitors its exposure to credit risk on its receivable on an ongoing basis with regular reviews of credit limits, payment history and the use of credit rating agencies and insurance. In general customers terms are normally fulfilled.

Going concern & Covid-19

The group acted swiftly in reaction to the Covid-19 crisis by deploying home working across the entire business, ensuring that the group could continue to operate largely uninterrupted in delivering products and services to its customers.

As the crisis hit the director considered the impact that Covid-19 could have on the going concern of the group by looking at a number of factors. The director feels positive about future revenues, profitability and cash flow.

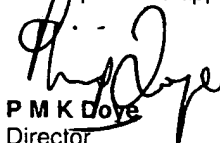
The director also carried out a re-evaluation of the financial forecasts, and whilst it was agreed the crisis may affect the group's growth in certain areas in the short term, they considered would not have a detrimental affect on the overall business. This has been the case with 2020 revenues showing growth from 2019.

In undertaking the review the director has prepared financial statement projections for the next 12 months. As such the director concludes that the existing cash balances are sufficient to meet all liabilities as they fall due for at least 12 months from the date of approval of the financial statements. It is noted other loans due at 31 December 2019 of £6.2m by Glebe Holdings Limited, are contractually considered as repayable on demand, and the company have obtained confirmation that it is not the current intention of the lender to recall this balance for a period of at least 12 months from approval of these financial statements. In any event, if such a recall request was received, the group is considered to have sufficient cash balances on hand (being £11.2m as at December 2020), coupled with the continued profitable and cash generative trading position of the group, to facility such a request if required.

As part of the review the director performed sensitivity analysis based on lower revenues and based on these scenarios the director continues to conclude that the going concern assumption remains the same.

Whilst the situation remains uncertain around the full economic impact of Covid-19 and the potential impact on the group, the director is confident this will not affect the going concern status of the group in the period under review.

This report was approved by the board on 17TH DECEMBER 2020 and signed on its behalf.


P M K Dove
Director

Glebe Holdings Limited

Director's Report For the Year Ended 31 December 2019

The director presents his report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The group loss for the year, after taxation, amounted to £874k (2018 - profit £Nil).

Director

The director who served during the year was:

P M K Doye

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post statement of financial position events

On 30 January 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This is considered a non-adjusting post statement of financial position event, and therefore no impact on the carrying value of assets at the reporting date is noted. Consideration of the impact of this on the going concern status of the business is included in the strategic report and in the going concern accounting policy.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17TH DECEMBER 2020 and signed on its behalf.



P M K Doye
Director

Glebe Holdings Limited

Director's Responsibilities Statement For the Year Ended 31 December 2019

The director is responsible for preparing the group strategic report, the director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Glebe Holdings Limited

Independent Auditor's Report to the Members of Glebe Holdings Limited

Opinion

We have audited the financial statements of Glebe Holdings Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 December 2019 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 the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Glebe Holdings Limited

Independent Auditor's Report to the Members of Glebe Holdings Limited (continued)

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

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

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Glebe Holdings Limited

Independent Auditor's Report to the Members of Glebe Holdings Limited (continued)

Responsibilities of directors

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends 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.

A further description of our responsibilities for the audit of the financial statements is located at 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 parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Neil Ebdon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom
18 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Glebe Holdings Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	136,604	-
Cost of sales		(130,480)	-
Gross profit		6,124	-
Distribution costs		(63)	-
Administrative expenses		(7,053)	-
Operating (loss)/profit	5	(992)	-
Interest receivable and similar income	8	112	-
(Loss)/profit before taxation		(880)	-
Tax credit on (loss)/profit	9	6	-
(Loss)/profit for the financial year		(874)	-
Other comprehensive income		-	-
Total comprehensive loss for the year		(874)	-

The notes on pages 14 to 32 form part of these financial statements.

Glebe Holdings Limited
Registered number: 11228734

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	10		16,870	-	-
Tangible assets	11		671	-	-
			<u>17,541</u>		<u>-</u>
Current assets					
Stocks	13	330	-	-	-
Debtors: amounts falling due within one year	14	8,409	-	-	-
Cash at bank and in hand		11,206	-	-	-
		<u>19,945</u>		<u>-</u>	
Creditors: amounts falling due within one year	15	(19,544)	-	-	-
Net current assets			<u>401</u>		<u>-</u>
Total assets less current liabilities			<u>17,942</u>		<u>-</u>
Provisions for liabilities					
Deferred taxation	17		(816)	-	-
Net assets			<u>17,126</u>		<u>-</u>
Capital and reserves					
Called up share capital	18		-	-	-
Share premium account	19		18,000	-	-
Profit and loss account	19		(874)	-	-
Total equity			<u>17,126</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2020.


P M K Doye
Director

The notes on pages 14 to 32 form part of these financial statements.

Glebe Holdings Limited

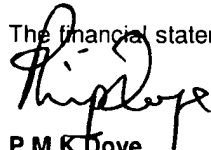
Registered number: 11228734

Company Statement of Financial Position As at 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	12		24,590		-
			<u>24,590</u>		<u>-</u>
Current assets					
Debtors: amounts falling due within one year	14	73		-	
Cash at bank and in hand		330		-	
		<u>403</u>		<u>-</u>	
Creditors: amounts falling due within one year	15	(6,264)		-	
		<u></u>		<u></u>	
Net current (liabilities)/assets			(5,861)		-
Total assets less current liabilities			<u>18,729</u>		<u>-</u>
Net assets			<u>18,729</u>		<u>-</u>
Capital and reserves					
Called up share capital	18		-		-
Share premium account	19		18,000		-
Profit and loss account	19		729		-
			<u>18,729</u>		<u>-</u>
Total equity			<u>18,729</u>		<u>-</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The profit after tax of the parent company for the period was £729,000 (2018 - £Nil).

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



P M K Doye

Director
17 December 2020

The notes on pages 14 to 32 form part of these financial statements.

Glebe Holdings Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	-	-	-
Comprehensive income for the year				
Loss for the year	-	-	(874)	(874)
Total comprehensive income for the year	-	-	(874)	(874)
Shares issued during the year	-	18,000	-	18,000
Total transactions with owners	-	18,000	-	18,000
At 31 December 2019	-	18,000	(874)	17,126

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £000	Total equity £000
At 1 January 2018	-	-
Profit for the year	-	-
Total comprehensive income for the year	-	-
At 31 December 2018	-	-

The notes on pages 14 to 32 form part of these financial statements.

Glebe Holdings Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	-	-	-
Comprehensive profit for the year				
Profit for the year	-	-	729	729
	<u>-</u>	<u>-</u>	<u>729</u>	<u>729</u>
Total comprehensive profit for the year	-	-	729	729
Contributions by and distributions to owners				
Shares issued during the year	-	18,000	-	18,000
	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
At 31 December 2019	<u>-</u>	<u>18,000</u>	<u>729</u>	<u>18,729</u>

Company Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £000	Total equity £000
At 1 January 2018	-	-
Comprehensive income for the year		
Profit for the year	-	-
	<u>-</u>	<u>-</u>
Total comprehensive income for the year	-	-
	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>

The notes on pages 14 to 32 form part of these financial statements.

Glebe Holdings Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2019

	2019 £000	2018 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(874)	-
Adjustments for:		
Amortisation of intangible assets	1,045	-
Interest received	(112)	-
Taxation credit	(6)	-
Decrease in stocks	493	-
Decrease in debtors	5,985	-
Decrease in creditors	(36,312)	-
Corporation tax (paid)/received	(405)	-
Depreciation	151	-
Net cash generated used in operating activities	(30,035)	-
Cash flows from investing activities		
Purchase of tangible fixed assets	(117)	-
Purchase of fixed asset investment (net of cash acquired)	17,046	-
Interest received	112	-
Net cash from investing activities	17,041	-
Cash flows from financing activities		
Issue of ordinary shares	18,000	-
Other new loans	6,200	-
Net cash from in financing activities	24,200	-
Net increase in cash and cash equivalents	11,206	-
Cash and cash equivalents at the end of year	11,206	-
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	11,206	-
	11,206	-

The notes on pages 14 to 32 form part of these financial statements.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Glebe Holdings Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

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 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 group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation's for the group and the company would be identical.
- No cash flow statement has been presented for the parent company.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

2.4 Going concern

The group acted swiftly in reaction to the Covid-19 crisis by deploying home working across the entire business, ensuring that the group could continue to operate largely uninterrupted in delivering products and services to its customers.

As the crisis hit the director considered the impact that Covid-19 could have on the going concern of the group by looking at a number of factors. The director feels positive about future revenues, profitability and cash flow.

The director also carried out a re-evaluation of the financial forecasts, and whilst it was agreed the crisis may affect the group's growth in certain areas in the short term, they considered would not have a detrimental effect on the overall business. This has been the case with 2020 revenues showing growth from 2019.

In undertaking the review the director has prepared financial statement projections for the next 12 months. As such the director concludes that the existing cash balances are sufficient to meet all liabilities as they fall due for at least 12 months from the date of approval of the financial statements. It is noted other loans due at 31 December 2019 of £6.2m by Glebe Holdings Limited, are contractually considered as repayable on demand, and the company have obtained confirmation that it is not the current intention of the lender to recall this balance for a period of at least 12 months from approval of these financial statements. In any event, if such a recall request was received, the group is considered to have sufficient cash balances on hand (being £11.2m at December 2020), coupled with the continued profitable and cash generative trading position of the group, to facility such a request if required.

As part of the review the director performed sensitivity analysis based on lower revenues and based on these scenarios the director continues to conclude that the going concern assumption remains the same.

Whilst the situation remains uncertain around the full economic impact of Covid-19 and the potential impact on the group, the director is confident this will not affect the going concern status of the group in the period under review.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.5 Foreign currency translation

Transactions and balances

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.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods relates to the sale of hardware and software licences to customers. The point of revenue recognition for hardware is when the goods are delivered to the customer. The point of revenue recognition for software is when the licence is provided to the customer for activation.

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 group 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.

Sales of services relates to the provision of consultancy and other tech services. The point of revenue recognition for services is in line with performance of the service provided to the customer.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.10 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are recognised where they are contractual and separable. Goodwill represents the difference between consideration paid on a business combination and the identifiable assets and liabilities acquired.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Brand value	-	10	years
Technology asset	-	10	years
Goodwill	-	10	years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.11 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.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10 years or life of lease
Equipment, fixtures and fittings	- 4 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 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.

2.15 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.

2.16 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.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.17 Financial instruments

The group 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 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.

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 consolidated 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.

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 group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when 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.

2.18 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 reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the members have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill, as well as investment in subsidiaries within the company only balance sheet. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Residual values and useful economic lives of tangibles and intangibles assets

The group depreciates tangible assets, and amortises intangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The estimation of useful lives of intangible assets is based on any contractual or legal rights associated with the asset, or the period in which the group expects to use the asset if shorter. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and product/licence life cycles.

- Principal and agent

The group may have circumstances which arise in its dealing with customers whereby it needs to determine if it acts as a principal or agent in the supply of product to its customers. If the group decides it is acting as a principal it would record the selling value as revenue, if it decided it was acting as an agent it would record the commission received as revenue. During the current and previous reporting period, the group determined that it acts a principal based on the relevant criteria as included in FRS 102. This criteria included factors such as the company having the ability to set the price of goods and services provided, as well as taking the credit risk of such sales.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Software and service sales	136,604	-

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Amortisation of intangibles, including goodwill	1,045	-
Depreciation of tangible fixed assets	151	-
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	30	-
Accounts preparation services	2	-
Operating lease rentals	237	-
	<u>237</u>	<u>-</u>

6. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2019 £000	Group 2018 £000
Wages and salaries	4,539	-
Social security costs	445	-
Cost of defined contribution scheme	228	-
	<u>5,212</u>	<u>-</u>

The average monthly number of employees, including the director, during the year was as follows:

	2019 No.	2018 No.
Sales	51	-
Operations	60	-
Admin	31	-
Directors	5	-
	<u>147</u>	<u>-</u>

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Director's remuneration

	2019 £000	2018 £000
Director's emoluments	591	-
Company contributions to defined contribution pension schemes	22	-
Compensation for loss of office	100	-
	<u>713</u>	<u>-</u>

During the period ended 31 December 2019 retirement benefits were accruing to 7 directors (2018 - Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £299k (2018 - £Nil).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6k (2018 - £Nil).

8. Interest receivable and similar income

	2019 £000	2018 £000
Other interest receivable	<u>112</u>	<u>-</u>

9. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	44	-
Total current tax	<u>44</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(50)	-
Total deferred tax	<u>(50)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(6)</u>	<u>-</u>

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit on ordinary activities before tax	(880)	-
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(167)	-
Effects of:		
Expenses not deductible for tax purposes	14	-
Permanent difference - goodwill amortisation	142	-
Difference between current and deferred tax rates	5	-
Total tax credit for the year	(6)	-

Factors that may affect future tax charges

The UK corporation tax rate reduced to 19% from April 2018. The government announced a further reduction in the main rate of UK corporation tax to 17% from 1 April 2020. Where these reduced tax rates were enacted at the statement of financial position date, they have been reflected in these financial statements as appropriate. The UK government passed a Budget Resolution on 17 March 2020 to retain the 19% corporation tax rate from 1 April 2020. Since this had not been enacted at the statement of financial position date, the unwinding of deferred tax temporary timing differences has been calculated based on 17%. In addition as part of the Finance Act 2018, the UK government has announced that restrictions on interest deductibility and loss relief will be implemented. Draft legislation has been released setting out the new provisions. This may impact the taxable profits of the company as well as the amount of carried forward losses which can be utilised each year to offset taxable profits.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Intangible assets

Group and Company

	Brand value £000	Technology asset £000	Goodwill £000	Total £000
Cost				
On acquisition of subsidiaries	4,034	560	13,321	17,915
At 31 December 2019	4,034	560	13,321	17,915
Amortisation				
Charge for the year	235	33	777	1,045
At 31 December 2019	235	33	777	1,045
Net book value				
At 31 December 2019	3,799	527	12,544	16,870
At 31 December 2018	-	-	-	-

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Tangible fixed assets

Group

	Short-term leasehold improvements £000	Equipment, fixtures and fittings £000	Total £000
Cost or valuation			
Additions	-	117	117
Acquisition of subsidiary	330	375	705
At 31 December 2019	330	492	822
Depreciation			
Charge the year	32	119	151
At 31 December 2019	32	119	151
Net book value			
At 31 December 2019	298	373	671
At 31 December 2018	-	-	-

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
Additions (business combination)	24,590
At 31 December 2019	24,590
Net book value	
At 31 December 2019	24,590
At 31 December 2018	-

On 21 May 2019, Glebe Holdings Limited acquired 100% of the share capital of Hocomm Limited and its subsidiaries. Details of the consideration paid for this investment are detailed in Note 21.

Subsidiary undertakings

The following were subsidiary undertakings of Glebe Holdings Limited:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hocomm Limited	UK	Ordinary	100%	Holding company
Boxxe Limited (previously Software Box Limited)*	UK	Ordinary	100%	Provider of software and hardware services and security solutions
Hallco 914 Limited*	UK	Ordinary	100%	Non-trading
Software Business Limited*	UK	Ordinary	100%	Non-trading
On-line Computers Limited*	UK	Ordinary	100%	Non-trading

* owned by subsidiary undertaking

The registered office of the above subsidiary undertakings is East Moor House, Green Park Business Centre, Goose Lane Sutton-On-Forest, York North Yorkshire, YO61 1ET.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Stocks

	Group 2019 £000	Group 2018 £000
Finished goods and goods for resale	330	-

Stock recognised in cost of sales as an expense during the period was £22,128k (2018 - £Nil). Stock recognised in cost of sales as an impairment loss during the period was £nil (2018 - £Nil)

Included in the amount shown for stocks of goods and resale are items valued at cost calculated on a first in, first out basis.

14. Debtors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	7,219	-	-	-
Amounts owed by group undertakings	-	-	73	-
Other debtors	95	-	-	-
Prepayments and accrued income	740	-	-	-
Tax recoverable	355	-	-	-
	<u>8,409</u>	<u>-</u>	<u>73</u>	<u>-</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £Nil (2018 - £Nil).

15. Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Other loans	6,200	-	6,200	-
Trade creditors	9,256	-	1	-
Other taxation and social security	278	-	-	-
Other creditors	43	-	-	-
Accruals and deferred income	3,767	-	63	-
	<u>19,544</u>	<u>-</u>	<u>6,264</u>	<u>-</u>

Other loans are repayable on demand and not subject to interest charges.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Financial instruments

	Group 2019 £000	Group 2018 £000
Financial assets		
Financial assets measured at amortised cost	18,425	-
Financial liabilities		
Financial liabilities measured at amortised cost	(13,336)	-

Financial assets measured at amortised cost comprise cash, trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

17. Deferred taxation

Group

	2019 £000
At beginning of year	-
Credited to profit or loss	(50)
On business combination	85
On business combination in respect of intangible assets	781
At end of year	816
	Group 2019 £000
Capital allowances in excess of depreciation	81
Intangible assets (other than goodwill)	735
	816

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,009 ordinary shares of £0.01 each (2018 - 100 ordinary shares of £0.01 each)	<u>10</u>	<u>1</u>

During the year, 900 ordinary shares were issued with a value of £0.01 each.

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Analysis of net debt

	At 1 January 2019 £000	Cash flows £000	At 31 December 2019 £000
Cash at bank and in hand	-	11,206	11,206
Debt due within 1 year	-	(6,200)	(6,200)
	<u>-</u>	<u>5,006</u>	<u>5,006</u>

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

21. Business combinations

On 21 May 2019, Glebe Holdings Limited completed the business combination of 100% of the business and share capital of Hocomm Limited and its subsidiary, Boxxe Limited (previously Software Box Limited) for consideration of £23,809k. The acquisition has been accounted for using the purchase method of accounting under FRS102. Consideration was in the form of cash and other loans repayable on demand.

Goodwill and other intangibles arising on acquisition are to be amortised over 10 years, being the director's estimate that the value of the underlying value of the business acquired is expected to exceed the value of the underlying assets acquired.

	Book value £000	Fair value adjustment £000	Fair value £000
Tangible fixed assets	705	-	705
Intangible assets	-	4,594	4,594
	<u>705</u>	<u>4,594</u>	<u>5,299</u>
Current assets	56,497	-	56,497
Total assets	<u>57,202</u>	<u>4,594</u>	<u>61,796</u>
Current liabilities	(49,963)	302	(49,661)
Deferred tax on differences between fair value and tax bases	(85)	(781)	(866)
Net assets upon business combinations	<u>7,154</u>	<u>4,115</u>	<u>11,269</u>
Goodwill			13,321
Fair value of consideration paid			<u>24,590</u>
Consideration			£000
Cash			18,390
Other loans			6,200
Total purchase consideration			<u>24,590</u>

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

21. Business combinations (continued)

Cash outflow on acquisition

	£000
Purchase consideration as above	24,590
	<u>24,590</u>
Less: Cash and cash equivalents acquired	(41,636)
Net cash inflow on acquisition	<u>(17,046)</u>

Contribution by the acquired business for the reporting period included in the consolidated statement of financial activities since acquisition:

	Current period since acquisition £000
Turnover	136,604
	<u>136,604</u>
Profit for the year	149
	<u>149</u>

The goodwill arising on acquisition is attributable to the expected increase of revenues and the anticipated growth of the group's new and existing markets. Consideration for any separately identifiable intangibles was performed, with relevant income streams in the business acquired being utilised to provide a fair value estimate of the brand intangible acquired.

22. 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 £228k (2018 - £Nil). Contributions totalling £43k (2018 - £Nil) were payable to the fund at the reporting date and are included in creditors.

Glebe Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

23. Commitments under operating leases

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

	Group 2019 £000	Group 2018 £000
Land and buildings		
Not later than 1 year	338	-
Later than 1 year and not later than 5 years	2,225	-
Later than 5 years	1,560	-
	<u>4,123</u>	<u>-</u>
	Group 2019 £000	Group 2018 £000
Other		
Not later than 1 year	106	-
Later than 1 year but not later than 5 years	73	-
	<u>179</u>	<u>-</u>

24. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

25. Post statement of financial position events

On 30 January 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This is considered a non-adjusting post statement of financial position event, and therefore no impact on the carrying value of assets at the reporting date is noted. Consideration of the impact of this on the going concern status of the business is included in the strategic report and in the going concern accounting policy.

26. Controlling party

P Doye is the company's ultimate controlling party by virtue of his majority holding is the issued share capital of Glebe Holdings Limited.