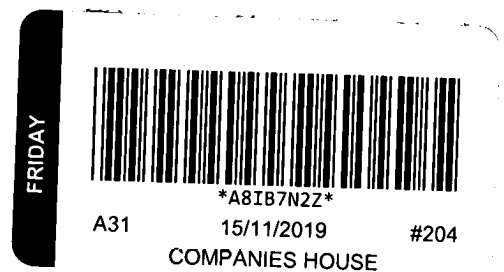


# Cloud Technology Solutions Ltd

## REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2019

Company Registration No: 06738954



# Cloud Technology Solutions Ltd

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# Cloud Technology Solutions Ltd

## DIRECTORS AND ADVISORS

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### DIRECTORS

J A Doggart  
S J Dobson  
W Bates  
P Glover

### REGISTERED OFFICE

Lowry House  
17 Marble Street  
Manchester  
M2 3AW

Company No: 06738954

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
No.1 Spinningfields  
Hardman Square  
Manchester  
M3 3EB

# Cloud Technology Solutions Ltd

## STRATEGIC REPORT

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The directors submit their Strategic Report for Cloud Technology Solutions Ltd for the year ended 31 March 2019.

### INTRODUCTION

Cloud Technology Solutions Limited (“CTS”) designs, develops and delivers transformational cloud-based software and IT solutions for corporate and public sector clients. The services offered by CTS encompass:

- *Cloud Software* – using its proprietary, market-leading CloudM software, CTS migrates organisations’ IT estates into the cloud and then enables the ongoing management and optimisation of the cloud environment. CTS also provides a range of complimentary best-in-class cloud-based applications covering email, calendar, unified communications, security and cloud estate management.
- *Cloud Services* – leveraging the Google Cloud Platform and a highly-skilled team of developers, engineers and data scientists, CTS provides cloud IT infrastructure, application development, Big Data Analytics and Machine Learning.

Revenue for the year ended 31 March 2019 grew by 42% to £26.1 million and the majority of revenues are recurring in nature as they are derived from cloud Infrastructure as a Service (IaaS), cloud Software as a Service (SaaS) and Machine Learning as a Service (MLaaS), all supported by 24x7 customer support. CTS expects to achieve further strong growth in its core markets as organisations continue to migrate to the cloud to achieve a more resilient IT environment, whilst simultaneously delivering commercial benefits through Big Data Analytics and Machine Learning.

The Company continues to develop relationships with the leading global providers of cloud-based IT solutions and is a Google Cloud Premier Partner and Microsoft Gold Partner.

CTS is headquartered in Manchester and has offices in Edinburgh, London, Utrecht and Frankfurt.

### REVIEW OF THE BUSINESS

CTS has continued to demonstrate significant growth during the year and has maintained its investment in sales and operations teams to capitalise on future growth opportunities.

CTS’s proprietary CloudM technology has already migrated over 10 million users into the cloud across 83 countries worldwide and continued investment in the development and enhancement of this product ensures that the business can continue to expand its global reach.

During the year, CTS acquired the entire share capital of Qlouder B.V, a Netherlands based business providing cloud-based software solutions, advanced data science, Machine Learning and application development.

Revenue for the year ended 31 March 2019 increased by 42% during the year to £26.1m (2018: £18.4m). This increase is due to the majority of revenue being recurring and the significant growth in new business wins in the current and previous year.

The gross profit has increased by 26% to £5.9m (2018: £4.7m) and represents a gross margin of 22% (2018: 26%).

Earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDA) has decreased during the year to £0.8m (2018: £1.4m) due to the investment in infrastructure and headcount to enable the Company to take advantage of growth opportunities in the forthcoming years.

EBITDA is a non-GAAP disclosure however the profit is adjusted in this way to provide a clearer measure of underlying performance.

# Cloud Technology Solutions Ltd

## STRATEGIC REPORT

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### REVIEW OF THE BUSINESS (continued)

The loss before taxation for the year was £0.3m (2018: £0.4m) and is stated after exceptional expenses of £0.3m (2018: £1.1m).

Net cash from operating activities amounted to £2.7m (2018: £3.5m) during the year and the Company has invested £0.8m in the development of the its own internally developed software and website (2018: £0.5m) together with £0.2m in property, plant and equipment (2018: £0.4m), and £1.4m in respect of the acquisition of Qlouder B.V.

As at 31 March 2019, the Company had cash and cash equivalents of £3.9m (2018: £4.1m) and net current assets (excluding deferred income of £13.0m in 2019 and £7.6m in 2018) of £8.0m (2018: £4.6m).

### KEY PERFORMANCE INDICATORS

The key performance indicators used by the business are set out below. These are monitored on a regular basis and the directors are satisfied with the performance in these areas of the business.

	Year ended 31 March 2019	Year ended 31 March 2018	Growth %
Revenue	£26,144,000	£18,440,000	42%
EBITDA	£819,000	£1,443,000	(43%)
Average number of people	113	76	49%

### PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Company's long-term performance and cause actual results to differ materially from expected and historical results. Management continually seeks to identify material risks and implement plans to mitigate the Company's exposure.

#### *Competitor Risk*

The market which the Company operates is competitive. To mitigate this risk, management works to build strong customer relationships and develop the Company's product offering. The Company works with its customers to provide the best possible performance of the products and services.

#### *Information Security*

The increase in existing and new legislation such as GDPR, and the increasing demand for the Company's cloud services has created a challenging environment for Information Security Management.

To mitigate Information Security risks, the Company implemented an ISO27001:2013 accreditation. This is the highest certification standard in information security from the International Standards Organisation (ISO). Achieving accredited certification to ISO27001 provides an independent, expert assessment that information security is managed in line with international best practice and business objectives.

This certification is a reinforcement of the Company's commitment to providing its customers with a secure environment and gives the Company a competitive edge when looking at new business opportunities.

This report was approved by the Board of Directors on 15 November 2019 and signed on its behalf by:



**W Bates**  
Director

# Cloud Technology Solutions Ltd

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Cloud Technology Solutions Ltd for the year ended 31 March 2019.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is to design, develop and deliver transformational cloud-based software and IT solutions.

### REVIEW OF THE BUSINESS

A detailed review of the development and performance of the Company's business during the year and its position at the end of the year is set out in the Strategic Report on pages 2 to 3.

On 5 October 2018, the Company acquired the entire share capital of Qlouder B.V, a Netherlands based business providing cloud-based software solutions, advanced data science, Machine Learning and application development.

### FUTURE DEVELOPMENTS

The directors consider that the continued market demand for cloud-based services, alongside ongoing investment in its proprietary CloudM solution will allow the business to grow in its core markets.

The combination of organic growth along with strategic acquisitions will support the expected growth as outlined in the Strategic Report.

### RESEARCH AND DEVELOPMENT ACTIVITIES

The Company continues to develop its proprietary CloudM software which is bringing new functionality and enhancement to existing products. The Company is also committed to continual investment in the development of Machine Learning applications. During the year, the Company invested costs of £1,036,000 (2018: £604,000) in respect of research and development of which £797,000 (2018: £466,000) had been capitalised during the year and £239,000 (2018: £138,000) which had been charged to the Income Statement. The directors consider the investment in research and development to be fundamental to the continued success of the business in the future.

### DIVIDENDS

No dividends were paid during the year. The directors do not recommend a final dividend (2018: £nil).

### DIRECTORS

The directors who held office during the year and up to the date of this report were:

J A Doggart  
S J Dobson  
W Bates (appointed 4 October 2018)  
P Glover (appointed 18 June 2019)  
H Liptrott (resigned 5 July 2018)

### EMPLOYEE INVOLVEMENT

The general policy of the Company is to welcome employee involvement as far as it is reasonably practicable. Employees are kept informed of progress by regular company meetings.

### POLITICAL DONATIONS

The Company made no political donations in the year ended 31 March 2019 (2018: £nil).

# Cloud Technology Solutions Ltd

## DIRECTORS' REPORT

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### FINANCIAL INSTRUMENTS

The main financial risks faced by the Company relate to the risk of default to financial transactions by customers, availability of funds to meet the Company's needs and adverse fluctuations in foreign currency rates.

#### *Credit risk*

The objective is to reduce the risk of loss arising from the default to financial transactions by customers. The Company has focused on selling to a 'blue chip' customer base thereby minimising the risk of incurring bad debts. The Company manages credit risk through careful selection of customers and routinely monitoring the position with these counterparties.

#### *Liquidity*

At the year end, the Company had £3.9m (2018: £4.1m) in cash balances and an unused overdraft facility of £0.3m (2018: £0.3m), together with £0.3m (2018: £0.7m) in respect of bank loans which will be fully settled in 2019. The Company manages liquidity risk through regular cashflow forecasting and monitoring of cashflows. As detailed in the accounting policies, the directors have considered the forecasting for the 12 months following the approval of the financial statements and are satisfied that the Company continues to adopt the going concern basis of preparation of the financial statements. The objective is to ensure that operating profits are turned into cash balances during the year.

#### *Foreign currency risk*

The Company is exposed to foreign exchange risk through transactions with overseas customers. The Company's objective is to match cash payments and receipts in each currency whenever possible. Currency fluctuations are regularly monitored, and hedging mitigations are considered. No currency hedges were made in the current or previous year.

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Under the Company's Articles of Association and subject to the provisions of the Companies Act, the Company may and has indemnified all directors and other officers against liability incurred in the execution or discharge of their powers, including but not limited to any liability for the costs of any legal proceedings. The Company has purchased and maintains appropriate insurance cover against legal action brought against directors or officers. This indemnity was in place throughout the period and up to the date of approval of these financial statements.

### INDEPENDENT AUDITORS

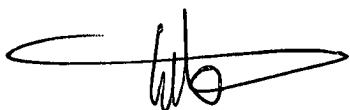
The auditors are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

### STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



**W Bates**  
Director

15 November 2019

# Cloud Technology Solutions Ltd

## DIRECTORS' RESPONSIBILITIES STATEMENT IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006.



***Independent auditors' report to the members of Cloud  
Technology Solutions Ltd***

**Report on the audit of the financial statements**

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**Opinion**

In our opinion, Cloud Technology Solutions Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2019; the income statement, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

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**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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**Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# Cloud Technology Solutions Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLOUD TECHNOLOGY SOLUTIONS LIMITED

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### ***Independent auditors' report to the members of Cloud Technology Solutions Ltd***

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Directors' responsibilities statement in the preparation of financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### ***Auditors' 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 auditors' 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 on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Cloud Technology Solutions Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLOUD TECHNOLOGY SOLUTIONS LIMITED

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### ***Independent auditors' report to the members of Cloud Technology Solutions Ltd***

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#### **Other required reporting**

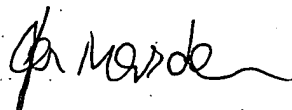
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##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Ian Marsden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
15 November 2019

# Cloud Technology Solutions Ltd

## INCOME STATEMENT

For the year ended 31 March 2019

Continuing Operations	Note	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
REVENUE	1	26,144	18,440
Cost of sales		(20,276)	(13,734)
GROSS PROFIT		5,868	4,706
Administrative expenses (excluding depreciation, amortisation and exceptional items)		(5,049)	(3,263)
Earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDA)		819	1,443
Depreciation		(169)	(74)
Amortisation		(624)	(427)
Administrative expenses – exceptional items	2	(268)	(1,064)
OPERATING LOSS	2	(242)	(122)
Finance costs	3	(47)	(234)
LOSS BEFORE TAXATION		(289)	(356)
Taxation	6	397	(13)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		108	(369)

There is no other comprehensive income for the year ended 31 March 2019 (2018: £nil) and therefore no separate statement of comprehensive income has been presented.

# Cloud Technology Solutions Ltd

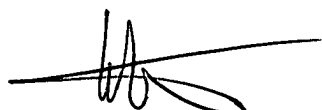
## STATEMENT OF FINANCIAL POSITION

At 31 March 2019

Company Registration No. 06738954

	Note	2019	2018
		£000	£000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	1,962	1,784
Property, plant and equipment	9	475	395
Investments	7	1,442	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,879</b>	<b>2,179</b>
<b>CURRENT ASSETS</b>			
Inventories	10	-	1
Trade and other receivables	11	13,162	6,572
Cash and cash equivalents		3,864	4,116
<b>TOTAL CURRENT ASSETS</b>		<b>17,026</b>	<b>10,689</b>
<b>TOTAL ASSETS</b>		<b>20,905</b>	<b>12,868</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	8,775	5,734
Deferred income		13,034	7,593
Financial liabilities	13	283	386
<b>TOTAL CURRENT LIABILITIES</b>		<b>22,092</b>	<b>13,713</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	13	-	283
Provision for liabilities	14	55	222
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>55</b>	<b>505</b>
<b>TOTAL LIABILITIES</b>		<b>22,147</b>	<b>14,218</b>
<b>EQUITY</b>			
Share capital	15	1	1
Capital redemption reserve	16	-	-
Retained earnings	16	(1,243)	(1,351)
<b>TOTAL EQUITY</b>		<b>(1,242)</b>	<b>(1,350)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,905</b>	<b>12,868</b>

The financial statements on pages 10 to 27 were approved by the board of directors and authorised for issue on 15 November 2019 and are signed on its behalf by:



**W Bates**  
Director

# Cloud Technology Solutions Ltd

## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

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### ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000
Balance as at 1 April 2017	1	-	(232)	(231)
Loss for the year ended 31 March 2018	-	-	(369)	(369)
Dividends	-	-	(750)	(750)
<b>Balance as at 31 March 2018</b>	<b>1</b>	<b>-</b>	<b>(1,351)</b>	<b>(1,350)</b>
Profit for the year ended 31 March 2019	-	-	108	108
<b>Balance as at 31 March 2019</b>	<b>1</b>	<b>-</b>	<b>(1,243)</b>	<b>(1,242)</b>

# Cloud Technology Solutions Ltd

## ACCOUNTING POLICIES

For the year ended 31 March 2019

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### GENERAL INFORMATION

Cloud Technology Solutions Ltd is a private company, limited by share capital and incorporated and domiciled in England, United Kingdom. The registered address is Lowry House, 17 Marble Street, Manchester, M2 3AW.

### STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

### BASIS OF PREPARATION

The Company's accounting reference date is 31 March. The financial statements have been prepared on a going concern basis, under the historical cost convention. The accounting policies have been applied consistently with the prior year, other than where new policies have been adopted. The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on the next page.

### REDUCED DISCLOSURE

In accordance with FRS102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts of financial instruments held at amortised cost or cost
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements contain information about Cloud Technology Solutions Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking is included by full consolidation in the consolidated financial statements of its ultimate parent company, Meteo Topco Limited.

### GOING CONCERN

The financial position of the Company, its cash flows and liquidity position are set out in the primary statements within these financial statements. As at 31 March 2019, the Company had net liabilities of £1.2m (2018: £1.4m) however this is largely due to a significant deferred income balance of £13.0m (2018: £7.6m). The deferred income balance arises as a significant proportion of the Company's customers make subscription payments to the Company at the commencement of a subscription term. The deferred income balance does not reflect a cash outflow obligation. The net current assets and net assets of the Company excluding deferred income, was £8.0m (2018: £4.6m) and £11.8m (2018: £6.2m) respectively as at 31 March 2019.

Detailed projections have been made for the 12 months following the approval of the financial statements. The Company has also received confirmation from its parent undertaking that amounts owed by the Company to the Group will not be recalled during this period. This confirmation together with the forecasts give the directors confidence that the Company has adequate resources to enable it to continue in operation for the foreseeable future. The Company has a significant proportion of recurring revenue from a well-established customer base, supported by a largely fixed cost base. A committed working capital facility is in place to support the Company's working capital needs. The Company has positive cash reserves, as well as a working capital facility of £250,000 which was undrawn at 31 March 2019.

Accordingly, the directors continue to adopt the going concern basis for the preparation of the financial statements.

# Cloud Technology Solutions Ltd

## ACCOUNTING POLICIES

For the year ended 31 March 2019

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### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

#### *Critical judgements in applying the Company's accounting policies*

Revenue recognition - Turnover on service contracts, installation and training is recognised on a stage of completion basis and therefore management judgement is required on assessing the stage of completion, including consideration of the current progress and likely final outcome of the project in order to ensure any losses are recognised immediately.

#### *Key accounting estimates and assumptions*

Useful economic life of intangible assets – The useful economic lives of intangible assets are determined by the directors upon inception and re-assessed annually. They are amended to reflect any changes that become apparent.

See the Intangible assets accounting policy for the useful lives of intangible assets.

### REVENUE RECOGNITION

Revenue from licence subscriptions and other time-based contracts is recognised over the invoiced contract period.

Revenue from service contracts, installation and training is recognised on a percentage completion basis on fixed price contracts or as services are provided in respect of time and materials contracts.

Revenue from licence-based products is recognised when the risks and rewards of ownership of the product are transferred to the customer i.e. when licence keys are delivered to the customer, the sales price is fixed and determinable and collectability is reasonably assured.

The excess of amounts invoiced over revenue is included in deferred income. If the amount of revenue recognised exceeds the amounts invoiced the excess amount is included within amounts recoverable on contracts.

### FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

### FINANCE INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Finance income includes exchange gains.



# Cloud Technology Solutions Ltd

## ACCOUNTING POLICIES

For the year ended 31 March 2019

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### FINANCE COSTS

Net finance costs include interest payable and exchange losses. Interest payable is recognised in the Income Statement as it accrues, using the effective interest method.

### LEASING

All leases are “operating leases” and the annual rentals are charged to the Income Statement on a straight-line basis over the lease term.

### TAXATION

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the Income Statement because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year. The Company’s liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Income tax credits for research and development activities are recognised on a cash basis or when their receipt is reasonably certain.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

### INTANGIBLE ASSETS

#### *Goodwill*

Goodwill on acquisitions, being the excess of the fair value of the cost of acquisition over the Company’s interest in the fair value of the identifiable assets and liabilities acquired, is capitalised and is amortised over its estimated useful economic life of 5 years on a straight-line basis.

#### *Website development*

Website development costs are amortised over their estimated useful economic life of 5 years on a straight-line basis.

#### *Internally generated intangible assets – Software development*

Computer software is carried at cost less accumulated amortisation and any impairment loss.

# Cloud Technology Solutions Ltd

## ACCOUNTING POLICIES

For the year ended 31 March 2019

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### INTANGIBLE ASSETS (continued)

Expenditure arising from the Company's development of software for sale to third parties is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the Company has the intention to complete the asset and the ability and intention to use or sell it;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Where these criteria have not been achieved, development expenditure is recognised in the Income Statement in the period in which it is incurred.

Internally-generated intangible assets are amortised, once the product is available for use, on a straight-line basis over three years.

### PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation and provision for impairments.

Depreciation is provided on all assets so as to write off the cost less estimated residual value as follows:

Leasehold improvements	-	Over term of lease
Fixtures and fittings	-	33% per annum straight line
Computer equipment	-	33% per annum on a reducing balance

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

### INVESTMENTS

#### *Investment in subsidiary company*

Investment in a subsidiary company is held at cost less accumulated impairment losses.

### IMPAIRMENT OF ASSETS

The carrying value of property, plant and equipment and intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the assets 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 in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

### INVENTORY

Inventory is stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete and slow-moving inventory.

# Cloud Technology Solutions Ltd

## ACCOUNTING POLICIES

For the year ended 31 March 2019

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### FINANCIAL INSTRUMENTS

#### *Classification of financial instruments*

Financial instruments are classified as financial assets, financial liabilities or equity instruments.

#### *Recognition and valuation of financial assets*

Financial assets are initially recorded at their fair value net of transaction costs. At each reporting date, the Company reviews the carrying value of its financial assets to determine whether there is objective evidence of an indication of impairment. If any such indication exists, the recoverable amount is estimated, and any identified impairment loss is recognised in the Income Statement.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and cash deposits which are readily convertible to a known amount of cash.

#### *Trade receivables*

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an impairment provision account and any impairment loss is recognised in the Income Statement.

#### *Financial liabilities and equity*

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.

#### *Trade and other payables*

Trade and other payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

#### *Ordinary share capital*

For ordinary share capital, the par value is recognised in share capital.

### RETIREMENT BENEFITS

#### *Defined contribution schemes*

A defined contribution scheme is a pension plan under which the Company pays a fixed contribution to a scheme with an external provider. The amount charged to the Income Statement in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other payables or other receivables in the Statement of Financial Position. The Company has no further payment obligations once the contributions have been paid.

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 1 REVENUE

The disclosure of revenue by business class and by geographical segment has not been disclosed as in the opinion of the directors this information would be seriously prejudicial to the interests of the Company.

### 2 OPERATING LOSS

	2019 £000	2018 £000
Loss from operations includes the following significant items:		
Depreciation and amounts written off property, plant and equipment:		
Charge for the year:		
Owned assets	169	74
Loss on disposal of property, plant and equipment	-	4
Amortisation of intangible assets	624	427
Research and development costs	239	138
Operating lease rentals:		
Plant and machinery	3	1
Land and buildings	265	114
Administrative expenses – exceptional items	268	1,064
	<u>          </u>	<u>          </u>

The administrative expenses - exceptional items relate to redundancy and restructuring costs in the year ended 31 March 2019 and large one-off bonuses paid by the Company during the year ended 31 March 2018. The above items have been presented as exceptional as they are material and non-recurring in nature.

<i>Auditors' remuneration:</i>	2019 £000	2018 £000
Audit of the financial statements of the Company pursuant to legislation by PricewaterhouseCoopers LLP	30	40
	<u>          </u>	<u>          </u>
<i>Other fees to auditors:</i>		
Taxation compliance services	7	35
	<u>          </u>	<u>          </u>

### 3 FINANCE COSTS

	2019 £000	2018 £000
Bank loans and overdrafts	25	34
Foreign exchange losses	22	200
	<u>          </u>	<u>          </u>
	47	234
	<u>          </u>	<u>          </u>

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 4 EMPLOYEES

Average monthly number	2019 Number	2018 Number
<i>By role:</i>		
Sales and marketing	37	29
Development, technical and support	58	35
Administration and management	18	12
	<u>113</u>	<u>76</u>
Employment costs:	2019 £000	2018 £000
Wages and salaries	6,447	5,326
Social security costs	696	626
Other pension costs	166	127
	<u>7,309</u>	<u>6,079</u>

The above wages and salaries include non-recurring costs of £254,000 (2018: £ 1,064,000) paid during the year.

### 5 DIRECTORS' EMOLUMENTS

	2019 £000	2018 £000
Emoluments	-	1,554
Contributions paid to defined contribution schemes	-	26
	<u>-</u>	<u>1,580</u>

The directors of the Company are being remunerated by Meteo Bidco Limited, a group company, for the year ended 31 March 2019. This amounted to £526,000 in respect of emoluments and £17,000 in respect of contributions to defined contribution schemes.

The above emoluments include £nil (2018: £30,000) in respect of amounts in respect of loss of office.

The above emoluments include £209,000 (2018: £1,016,000) in respect of the highest paid director.

Number of directors to whom retirement benefits are accruing under	2019 Number	2018 Number
Defined contribution schemes	3	3

Key management is deemed to be the directors of the Company.

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 6 TAXATION

	2019 £000	2018 £000
Income taxes recognised in profit or loss:		
Current tax:		
UK corporation tax on loss of the year	(236)	(250)
Adjustments in respect of previous years	6	(75)
Total current tax	(230)	(325)
Deferred tax:		
Origination and reversal of timing differences	(125)	358
Adjustments in respect of previous years	(31)	-
Effect of change in tax rates	(11)	(20)
Total deferred taxation	(167)	338
Total income tax (credit)/charge recognised in the year	(397)	13

#### Reconciliation of tax charge:

Tax assessed for the year is lower (2018: higher) than the standard rate of tax in the UK for the year ended 31 March 2019.

The income tax expense can be reconciled to the accounting profit as follows:

	2019 £000	2018 £000
Loss before taxation	(289)	(356)
Loss before tax multiplied by standard rate of corporation tax in the UK 19% (2018: 19%)	(55)	(68)
Effects of:		
Expenses not deductible for tax purposes	75	75
Effects of R&D claim	(149)	(108)
Other temporary difference	-	(6)
Adjustments in respect of prior years	(25)	(75)
Tax rate changes	(11)	(20)
Deferred tax not recognised	-	215
Deferred tax asset recognised in respect of losses	(232)	-
Total income tax charge recognised in Income Statement	(397)	13

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2018. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2017). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2019

#### 7 INVESTMENT

	£000
At start of the year	-
Additions	1,442
At end of the year	<b>1,442</b>

During the year, the Company purchased 100% of the share capital of Qlouder B.V, a company incorporated in the Netherlands.

At the end of the period the Company had one wholly owned subsidiary, as follows:

Company	Registered Address	Activity	Ownership
Qlouder B.V (company number 54015596) The Netherlands	Bisonspoor 5401 B 3605 LT Maarssen The Netherlands	Cloud based software solutions, advanced data science, Machine Learning and Application Development	100% by Cloud Technology Solutions Ltd (acquired 5 October 2018)

#### 8 INTANGIBLE ASSETS

	Goodwill £000	Software development £000	Website development £000	Total £000
Cost:				
At 1 April 2018	1,428	892	167	2,487
Additions	-	797	5	802
<b>At 31 March 2019</b>	<b>1,428</b>	<b>1,689</b>	<b>172</b>	<b>3,289</b>
Accumulated amortisation:				
At 1 April 2018	476	133	94	703
Amortisation expense	286	307	31	624
<b>At 31 March 2019</b>	<b>762</b>	<b>440</b>	<b>125</b>	<b>1,327</b>
Net book value				
At 31 March 2018	952	759	73	1,784
<b>At 31 March 2019</b>	<b>666</b>	<b>1,249</b>	<b>47</b>	<b>1,962</b>

**Cloud Technology Solutions Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**9 PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost:				
At 1 April 2018	284	68	129	481
Additions	108	47	94	249
Disposals	-	-	(2)	(2)
<b>At 31 March 2019</b>	<b>392</b>	<b>115</b>	<b>221</b>	<b>728</b>
Accumulated depreciation:				
At 1 April 2018	33	15	38	86
Depreciation charge	76	31	62	169
Disposals	-	-	(2)	(2)
<b>At 31 March 2019</b>	<b>109</b>	<b>46</b>	<b>98</b>	<b>253</b>
Net book value				
At 31 March 2018	251	53	91	395
<b>At 31 March 2019</b>	<b>283</b>	<b>69</b>	<b>123</b>	<b>475</b>



**Cloud Technology Solutions Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**10 INVENTORIES**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Goods for re-sale	-	1

Inventories are stated after provision for impairment of £nil (2018: £nil).

**11 TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	7,426	2,989
Amounts recoverable on contracts	208	141
Amounts owed by group undertakings	1,791	1,138
Current tax receivable	479	250
Other receivables	-	110
Prepayments	3,258	1,944
	<b>13,162</b>	<b>6,572</b>

A provision for impairment is made where there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non-payment from customers. Trade receivables are stated after provision for impairment of £46,000 (2018: £22,000)

Amounts owed by group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**12 TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade payables	3,817	1,809
Amounts owed to group undertakings	2,926	2,254
Other payables	34	30
Other taxation and social security	1,271	835
Accruals	727	806
	<b>8,775</b>	<b>5,734</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 13 FINANCIAL LIABILITIES

	<b>Total</b>	<b>Less than one year</b>	<b>One to two years</b>	<b>More than two years</b>
<b>2019</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Bank loans</b>	<b>283</b>	<b>283</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>Less than one year</b>	<b>One to two years</b>	<b>More than two years</b>
<b>2018</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Bank loans</b>	<b>669</b>	<b>386</b>	<b>283</b>	<b>-</b>

The Company has two bank loans with the Royal Bank of Scotland plc which aggregate to £105,000 (2018: £355,000) which expire in July 2019 and September 2019. These bank loans are secured by fixed and floating charge over the assets of the Company. Interest is accrued at a rate of 3.57% and 5.05% above the base rate which was 0.50% as at 31 March 2019 (2018:0.5%).

The Group has a bank loan with Barclays bank of £178,000 (2018: £314,000) which will expire in December 2019. Interest is accrued at a rate of 1.5% above the base rate which was 0.50% as at 31 March 2019.

**Cloud Technology Solutions Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

**14 PROVISIONS FOR LIABILITIES**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Deferred tax liability	-	167
Other provisions	55	55
	<u>55</u>	<u>222</u>

<i>Deferred tax (asset)/liability</i>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Deferred tax (asset)	(247)	-
Deferred tax liability	247	167
	<u>-</u>	<u>167</u>

The movement in the year in the Company's net deferred tax position was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
At beginning of the year	167	(171)
Net credit to profit or loss for the year	(167)	338
	<u>-</u>	<u>167</u>

The following are the major deferred tax assets and liabilities recognised by the Company and the movements thereon during the year:

<i>Deferred tax (asset)/liability</i>	Tax losses	Short term	Fixed asset	Total
	£000	timing	timing	£000
		differences	differences	
		£000	£000	
At beginning of the year	-	-	167	167
Credit to the profit or loss for the year	(232)	(15)	80	(167)
	<u>(232)</u>	<u>(15)</u>	<u>247</u>	<u>-</u>

The Company has an unprovided deferred tax asset of £24,000 as at 31 March 2019 (2018: £241,000) in respect of trading losses.

The other provisions of £55,000 (2018: £55,000) relate to contractual obligations which are expected to arise at the end of the terms of the leased premises.

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 15 SHARE CAPITAL

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
820 Ordinary shares of £1 each	820	820

### 16 CAPITAL AND RESERVES

#### *Capital redemption reserve*

The capital redemption reserve represents the par value in respect of the purchase of own shares.

#### *Retained earnings*

The retained earnings reserve includes the accumulated profits and losses arising from the Income Statement.

### 17 OPERATING LEASES PAYABLE

	2019 £000	2018 £000
Minimum lease payments under operating leases recognised as an expense in the year	268	115
At the reporting date, the Company has future aggregate minimum lease payments, which fall due as follows:	2019 £000	2018 £000
Land and buildings		
Within one year	237	267
In the second to fifth year inclusive	888	907
After five years	708	926
Plant and machinery		
Within one year	4	2
In the second to fifth year inclusive	5	5
	1,842	2,107

Operating lease payments represent rentals payable by the Company for property leases and certain equipment. Leases have varying terms and renewal rights. The above leasing arrangements do not contain any restrictive covenants, contingent rents or purchase options.

### 18 CONTROLLING PARTIES

The immediate parent company of Cloud Technology Solutions Ltd as at 31 March 2019 is Cloud Technology Solutions Investments Limited.

The ultimate parent company is Meteo Topco Limited. This is both the smallest and largest group in which the financial statements are consolidated. Copies of the consolidated financial statements may be obtained from Cloud Technology Solutions Ltd, Lowry House, 17 Marble Street, Manchester, M2 3AW.

# Cloud Technology Solutions Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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### 19 CONTINGENT LIABILITIES

The assets of the Company are used as security against a fixed and floating charge held in favour of Northedge Capital LLP in respect of loans provided by Northedge Capital LLP to companies within the Meteo Topco Limited group.