

Company Registration No. 04217114 (England and Wales)

Secarma Limited

**Unaudited financial statements
for the period ended 31 December 2018**

Pages for filing with the Registrar



Secarma Limited

**Balance sheet
As at 31 December 2018**

		31 December 2018		31 May 2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		64,355		33,006
Current assets					
Debtors	5	3,092,718		2,700,152	
Cash at bank and in hand		119,561		142,144	
		<u>3,212,279</u>		<u>2,842,296</u>	
Creditors: amounts falling due within one year	6	<u>(1,479,570)</u>		<u>(537,139)</u>	
Net current assets			<u>1,732,709</u>		<u>2,305,157</u>
Total assets less current liabilities			<u><u>1,797,064</u></u>		<u><u>2,338,163</u></u>
Capital and reserves					
Called up share capital	7		91		91
Profit and loss reserves			<u>1,796,973</u>		<u>2,338,072</u>
Total equity			<u><u>1,797,064</u></u>		<u><u>2,338,163</u></u>

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

For the financial period ended 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

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

Secarma Limited

Balance sheet (continued)
As at 31 December 2018

The financial statements were approved by the board of directors and authorised for issue on 7/8/19 and are signed on its behalf by:


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Joseph Ryland
Director

Company Registration No. 04217114

Secarma Limited

Notes to the financial statements

For the period ended 31 December 2018

1 Accounting policies

Company information

Secarma Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Archway, Birley Fields, Manchester, M15 5QJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Reporting period

The financial statements have been prepared for the seven month period ended 31 December 2018. The directors chose to shorten the accounting period to 31 December 2018 to bring it in line with companies related by virtue of common controlling parties.

The comparative figures included in these financial statements are for the twelve month period ended 31 May 2018.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

In respect of contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover from contracts for ongoing services is recognised by reference to the stage of completion.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	- 33% straight line
Fixtures, fittings & equipment	25% straight line
Computer equipment	25% straight line

1 Accounting policies (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

Basic financial liabilities

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

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

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

1.7 Equity instruments

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

1.8 Taxation

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

Current tax

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

1 Accounting policies (continued)

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

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

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

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

Notes to the financial statements (continued)

For the period ended 31 December 2018

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 49 (31 May 2018 - 49).

3 Directors' remuneration

	31 December 2018	31 May 2018
	£	£
Remuneration paid to directors	159,212	270,534

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 June 2018	118,695
Additions	33,651
At 31 December 2018	152,346
Depreciation and impairment	
At 1 June 2018	85,689
Depreciation charged in the period	2,302
At 31 December 2018	87,991
Carrying amount	
At 31 December 2018	64,355
At 31 May 2018	33,006

Secarma Limited

Notes to the financial statements (continued)

For the period ended 31 December 2018

5 Debtors

	31 December 2018	31 May 2018
	£	£
Amounts falling due within one year:		
Trade debtors	847,349	882,877
Amounts owed by group undertakings	1,560,245	1,534,254
Other debtors	574,769	282,157
	<u>2,982,363</u>	<u>2,699,288</u>
Deferred tax asset	110,355	864
	<u>3,092,718</u>	<u>2,700,152</u>

6 Creditors: amounts falling due within one year

	31 December 2018	31 May 2018
	£	£
Trade creditors	327,689	45,498
Taxation and social security	90,835	74,967
Other creditors	1,061,046	416,674
	<u>1,479,570</u>	<u>537,139</u>

7 Called up share capital

	31 December 2018	31 May 2018
	£	£
Ordinary share capital		
Issued and fully paid		
91 Ordinary A shares of £1 each	91	91
	<u>91</u>	<u>91</u>

8 Financial commitments, guarantees and contingent liabilities

The company has provided a cross company guarantee, including fixed and floating charges over all properties, to a company related by virtue of common controlling parties in respect of loan notes issued by Secarma Group Limited, the parent company of Secarma Limited. At 31 December 2018 Secarma Group Limited had loan notes outstanding of £7,172,378 (31 May 2018: £6,934,607). All guarantees were satisfied in full on or before 8 January 2019.

Secarma Limited

Notes to the financial statements (continued)

For the period ended 31 December 2018

9 Operating lease commitments

Lessee

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

31 December 2018	31 May 2018
£	£
24,272	19,613
<u><u>24,272</u></u>	<u><u>19,613</u></u>

10 Events after the reporting date

Subsequent to the year end, Secarma Limited transferred a proportion of its trade and assets to a newly incorporated subsidiary, Pentest Limited. This was subsequently sold to Shearwater Group PLC for a value of £7.39 million on 9 April 2019.

Notes to the financial statements (continued)
For the period ended 31 December 2018

11 Related party transactions

The company operated a loan account during the year with a company related by virtue of common controlling parties. At 31 December 2018 Secarma Limited owed £12,858 (31 May 2018: £162,788) to the company and incurred loan interest of £5,668 during the period to 31 December 2018 (31 May 2018: £3,029). This balance is unsecured and repayable on demand.

The company was granted a further loan by a director, who is also a controlling shareholder of the parent company, on 19 December 2018. At 31 December 2018 Secarma Limited owed £768,254 (31 May 2018: £Nil) to the individual. This balance is unsecured and repayable on demand.

During the prior year the company's motor vehicles were sold to one of the directors. The motor vehicles had a carrying value of £22,333 and were sold for £23,927. A profit on disposal of £1,594 was recognised in the income statement.

12 Parent company

Secarma Group Limited is the parent company of Secarma Limited and is the smallest and largest group of undertakings in which Secarma Limited is a member and for which consolidated financial statements are prepared and publicly available. Secarma Group Limited's registered office is 3 Archway, Birley Fields, Manchester M15 5QJ.

13 Prior period adjustment

Reclassification of expenses

Wages and salaries of £1,523,414 have been reclassified from administrative expenses to cost of sales to reflect the fact that these costs are directly attributable to the provision of IT consultancy and security testing services.