

Registration number: 05072221

MSECURE LIMITED

Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2020

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MSECURE LIMITED

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MSECURE LIMITED

Company Information

Directors	Christopher Taylor Jason Millett
Company secretary	Carolyn Pate
Registered office	155 Moorgate London EC2M 6XB
Bankers	Barclays Bank plc London Corporate Banking Level 28 1 Churchill Place London E14 5HP

MSECURE LIMITED

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the unaudited financial statements for the year ended 31 December 2020.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The directors has taken exemption under this regime not to disclose the strategic report.

Directors' of the company

The directors, who held office during the year, were as follows:

Christopher Taylor

Dennis Hone (Resigned 27 January 2020)

Jason Millett (appointed 27 January 2020)

Results and dividends

The loss for the year, after tax, amounted to £213,511 (2019: £405,494 loss).

No interim dividend was paid during the year ended 31 December 2020 (2019: £Nil). The directors do not recommend a payment of a final dividend (2019: £Nil).

Environmental report

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. MSECURE LIMITED supports these recommendations and are committed to disclosing the relevant information which can be found below.

Carbon and Energy Emissions

Information on carbon and energy emissions for the group are disclosed in the consolidated accounts of the Parent Company, Mace Limited. These accounts are available from Companies House.

Going concern

The directors have considered the consequences of Covid-19 and other trading events and conditions it can predict now and, in the future, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. For that reason and after making *appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and so it considers it appropriate for the 2020 financial accounts to be prepared on a going concern basis.*

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

MSECURE LIMITED

Directors' Report for the Year Ended 31 December 2020 (continued)

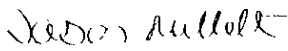
Directors' liabilities

The Company provides a directors' and officers' insurance policy which was in place during the year and remains in force at the date of this report.

Small companies provision statement

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board on 6 December 2021 and signed on its behalf by:



.....
Jason Millett
Director

MSECURE LIMITED

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Turnover	4	1,289	2,935
Cost of sales		<u>(1,112)</u>	<u>(2,684)</u>
Gross profit		177	251
Administrative expenses		<u>(440)</u>	<u>(760)</u>
Operating loss	5	<u>(263)</u>	<u>(509)</u>
Loss before tax		(263)	(509)
Tax on loss	7	<u>49</u>	<u>103</u>
Loss for the year		<u><u>(214)</u></u>	<u><u>(406)</u></u>

The above results were derived from continuing operations.

MSECURE LIMITED

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £ 000	2019 £ 000
Loss for the year	<u>(214)</u>	<u>(406)</u>
Total comprehensive income for the year	<u><u>(214)</u></u>	<u><u>(406)</u></u>

MSECURE LIMITED

(Registration number: 05072221)
Balance Sheet as at 31 December 2020

	Note	31 December 2020 £ 000	31 December 2019 £ 000
Fixed assets			
Tangible assets	8	93	110
Current assets			
Debtors	10	279	831
Cash at bank and in hand	9	522	945
		<u>801</u>	<u>1,776</u>
Creditors: Amounts falling due within one year			
Trade and other payables	11	(2,088)	(2,824)
Income tax liability	7	(16)	(58)
Creditors: Amounts falling due within one year	11	<u>(2,104)</u>	<u>(2,882)</u>
Net current liabilities		<u>(1,303)</u>	<u>(1,106)</u>
Net liabilities		<u>(1,210)</u>	<u>(996)</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		<u>(1,210)</u>	<u>(996)</u>
Shareholders' deficit		<u>(1,210)</u>	<u>(996)</u>

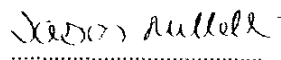
For the financial year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 6 December 2021 and signed on its behalf by:



Jason Millett
Director

MSECURE LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2020

	Retained earnings £ 000	Total £ 000
At 1 January 2020	(996)	(996)
Loss for the year	(214)	(214)
Total comprehensive income	(214)	(214)
At 31 December 2020	(1,210)	(1,210)
	Retained earnings £ 000	Total £ 000
At 1 January 2019	(590)	(590)
Loss for the year	(406)	(406)
Total comprehensive income	(406)	(406)
At 31 December 2019	(996)	(996)

The notes on pages 8 to 23 form an integral part of these financial statements.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

155 Moorgate
London
EC2M 6XB
United Kingdom

These financial statements were authorised for issue by the Board on 6 December 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis under historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies recognition, measurement and disclosure requirements of Adopted IFRSs, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- The requirements of paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers'
- The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The disclosure requirements of IFRS 7 Financial Instruments, other than those required by law

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

- The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- The requirements of IAS 8 to disclose the details of standards issued but not yet effective and the likely impact.

Going concern

The directors of MSecure Limited have considered the consequences of Covid-19 and other trading events and conditions it can predict now and, in the future, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern. For that reason, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and so it considers it appropriate for the 2020 financial accounts to be prepared on a going concern basis.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2020 and have had an effect on the financial statements:

Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 December 2020. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue from Contracts with Customers

Recognition

The company earns revenue from the provision of services relating to Consultancy and Construction contracts. Revenue is measured under IFRS 15 at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services in the normal course of business, net of discounts, VAT and other sales related tax. Revenue is recognised in the period in which the performance obligations are satisfied. Margin is calculated by reference to total project revenue less costs incurred to deliver the services.

Consult contracts

Consult contracts include those for project and programme management, cost consultancy and advisory services. Contracts can have multiple performance obligations depending on the nature of the services being provided. These can be clearly distinguished as they are typically separately identifiable deliverables or services with a fee specifically attributable to them. Almost all consultancy projects are deemed to be delivered over time, in accordance with the benefits being transferred to the client over time, unless there is a distinct deliverable and the fee is contingent on the delivery of the finished product.

The most common type of contract for consultancy services are time and materials. Satisfaction of the performance obligations are measured using the input method, whereby they are based on direct labour hours, time elapsed or resources consumed, and therefore revenue is recognised over time as the services are delivered with reference to these inputs. These types of contracts are often service agreements with call offs in the forms of task orders which act as a variation or extension to the original agreement. Depending on the specifics of the call offs, they may be treated as one performance obligation or they may be treated as separate, and revenue is therefore recognised accordingly. Where there is more than one performance obligation, contract costs are recorded separately in order to calculate the expected margin attributable to each.

Some consultancy contracts are fixed fee or fixed hourly rate. Satisfaction of the performance obligations are measured using outputs such as scope deliverables or conditional milestones reached and therefore revenue is recognised over time as the services are delivered with reference to the extent to which these outputs or conditions are being completed or met.

If contracts contain an element of risk and reward, an estimate of the risk is included in the contract cost price as soon as it's deemed probable, while anticipated reward and performance bonuses are only recognised at the point that they are agreed by the customer. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Foreign currency transactions and balances

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the reporting date. Exchange differences arising from foreign currency transactions are reflected in the income statement.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 prevailing in the year. 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 operates and generates taxable income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line over the period of the lease
Fixtures and fittings	10% - 20% per annum, straight line basis
Computer equipment and IT systems	33% per annum, straight line basis
Assets under construction	No depreciation until assets are in use.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less at inception. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Contingent liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will only be confirmed by future uncertain events that are not wholly within the Company's control, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be reliably measured. *If the outflow of economic resources is not considered remote, contingent liabilities are disclosed but not recognised in the financial statements.*

Provisions

Provisions are recognised when:

1. the Company has a present legal or constructive obligation as a result of a past event;
2. it is probable that an outflow of resources will be required to settle the obligation; and
3. the amount of the obligation can be estimated reliably.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- (a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.
- (b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- (c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined
- (d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:-

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experiences and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The preparation of financial statements in conformity with the accounting standards requires the use of certain *critical accounting estimates and assumptions that affects the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period*. Estimates and judgements are continually made and based on his historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Recoverable value of recognised receivables

The recoverability of trade and other receivables is regularly reviewed in the light of available economic information specific to each receivable and provisions are recognised for balances considered to be irrecoverable. The Company reviews the ageing analysis of debtors on a regular basis. Unless specific agreement for late or alternative repayment is in place, the Company provides for overdue trade debtors. Overseas debt is subject to an adjusted scale, to account for the differing cultural conditions faced when operating internationally. The Company provides for 10% of trade debtors that are 61-90 days past due, 25% of trade debtors that are 91-120 days past due, 50% of trade debtors that are 121-180 days past due, 75% of trade debtors that are 181-270 days past due and 100% of trade debtors that are over 270 days past due.

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020	2019
	£ 000	£ 000
Rendering of services	<u>1,289</u>	<u>2,935</u>

5 Operating loss

Arrived at after charging/(crediting)

	2020	2019
	£ 000	£ 000
Depreciation expense	17	24
Foreign exchange losses	<u>(4)</u>	<u>-</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	<u>421</u>	<u>892</u>

All staff are employed by either Mace Consult Limited, Mace Limited or Mace Cost Consultancy Limited. During the year the staff costs were recharged to MSecure Limited from these group companies.

It is impractical to estimate the average number of employees utilised on projects of the Company, but the average number of persons employed and utilised on projects undertaken by the Company, its parent and fellow subsidiaries is disclosed within the report and financial statements of Mace Limited.

7 Income tax

Tax charged/(credited) in the profit and loss account

	2020	2019
	£ 000	£ 000
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	(8)
Group relief payment	<u>(49)</u>	<u>(95)</u>
	<u>(49)</u>	<u>(103)</u>

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

7 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	<u>(263)</u>	<u>(509)</u>
Corporation tax at standard rate	(50)	(97)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1	1
Decrease in current tax from unrecognised temporary difference from a prior period	-	(8)
Deferred tax expense from unrecognised temporary difference from a prior period	<u>-</u>	<u>1</u>
Total tax credit	<u>(49)</u>	<u>(103)</u>

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

8 Tangible assets

	Computer Equipment & IT Systems £ 000	Fixtures & Fittings £ 000	Leasehold improvements £ 000	Total £ 000
Cost or valuation				
At 1 January 2020	25	2	153	180
At 31 December 2020	25	2	153	180
Depreciation				
At 1 January 2020	24	1	46	71
Charge for the year	1	1	14	16
At 31 December 2020	25	2	60	87
Carrying amount				
At 31 December 2020	-	-	93	93
At 31 December 2019	1	1	108	110

9 Cash at bank and in hand

	31 December 2020 £ 000	31 December 2019 £ 000
Cash at bank	522	945

10 Trade and other debtors

	31 December 2020 £ 000	31 December 2019 £ 000
Trade debtors	200	594
Debtors from related parties	32	146
Other debtors	47	91
	279	831

MSECURE LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

11 Trade and other creditors

	31 December 2020 £ 000	31 December 2019 £ 000
Trade creditors	64	132
Accruals	211	528
Amounts due to related parties	1,813	2,163
Other creditors	-	1
	<u>2,088</u>	<u>2,824</u>

12 Share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary Share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

13 Reserves

Retained Earnings

The retained earnings reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

14 Contingent liabilities

The Company is party to group liability with its principal bankers, providing a right of set-off of all group balances. Whilst certain group companies have overdrawn balances, at 31 December 2020 there was no group indebtedness to its bankers and therefore the Directors consider no contingency arises.

15 Parent and ultimate parent undertaking

The Company's immediate parent is Mace Limited. The ultimate parent is Mace Finance Limited. These financial statements are available upon request from Companies House.