

Company Registration No. 04217114 (England and Wales)

Secarma Limited

**Unaudited financial statements
for the year ended 31 December 2019**

Pages for filing with the Registrar

Secarma Limited

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Secarma Limited

Balance sheet

As at 31 December 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		44,932		64,355
Investments	5		6,712,729		-
			<u>6,757,661</u>		<u>64,355</u>
Current assets					
Debtors	6	2,771,315		3,092,718	
Cash at bank and in hand		77,449		119,561	
		<u>2,848,764</u>		<u>3,212,279</u>	
Creditors: amounts falling due within one year	7	<u>(2,857,719)</u>		<u>(1,479,570)</u>	
Net current (liabilities)/assets			(8,955)		1,732,709
Total assets less current liabilities			<u>6,748,706</u>		<u>1,797,064</u>
Capital and reserves					
Called up share capital	8		91		91
Profit and loss reserves			6,748,615		1,796,973
Total equity			<u>6,748,706</u>		<u>1,797,064</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 year ended 31 December 2019 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 year 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 2019

The financial statements were approved by the board of directors and authorised for issue on 17 December 2020 and are signed on its behalf by:

Joseph Ryland

Director

Company Registration No. 04217114

Secarma Limited

Notes to the financial statements For the year ended 31 December 2019

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, 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 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.

1.3 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

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.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1 Accounting policies (continued)

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

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.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1 Accounting policies (continued)

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.

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.

Notes to the financial statements (continued)
For the year ended 31 December 2019

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 profit or loss 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 leases 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.

Secarma Limited**Notes to the financial statements (continued)****For the year ended 31 December 2019****2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 35 (2018 - 49).

	2019	2018
	Number	Number
Total	35	49

3 Directors' remuneration

	2019	2018
	£	£
Remuneration paid to directors	65,896	159,212

There have been no other transactions with directors during the year, other than the loan detailed in the related party note.

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2019	152,346
Additions	13,407
Disposals	(14,329)
At 31 December 2019	151,424
Depreciation and impairment	
At 1 January 2019	87,991
Depreciation charged in the year	29,135
Eliminated in respect of disposals	(10,634)
At 31 December 2019	106,492
Carrying amount	
At 31 December 2019	44,932
At 31 December 2018	64,355

Secarma Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

5 Fixed asset investments

	2019	2018
	£	£
Investments	6,712,729	-

Listed investments relate to shares held in Shearwater Group PLC.

Disposals relate to the acquisition of Pentest Newco Limited on 4 April 2019 and disposal on 9 April 2019.

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2019	-
Additions	6,715,685
Disposals	(2,956)
At 31 December 2019	6,712,729
Carrying amount	
At 31 December 2019	6,712,729
At 31 December 2018	-

Secarma Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

6 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	359,078	847,349
Amounts owed by group undertakings	1,599,353	1,560,245
Loan notes	225,697	-
Other debtors	133,107	574,769
	<u>2,317,235</u>	<u>2,982,363</u>
Deferred tax asset	2,687	110,355
	<u>2,319,922</u>	<u>3,092,718</u>
	2019	2018
	£	£
Amounts falling due after more than one year:		
Loan notes	451,393	-
	<u>451,393</u>	<u>-</u>
Total debtors	<u>2,771,315</u>	<u>3,092,718</u>

7 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	62,697	327,689
Taxation and social security	138,027	90,835
Other creditors	2,656,995	1,061,046
	<u>2,857,719</u>	<u>1,479,570</u>

8 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
91 Ordinary A shares of £1 each	91	91
	<u>91</u>	<u>91</u>

Secarma Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

9 Financial commitments, guarantees and contingent liabilities

The company has provided a cross company guarantee, including fixed and floating charges over all assets, to its controlling shareholders in respect of loan notes issued by Secarma Group Limited, the parent company of Secarma Limited. At 31 December 2019 Secarma Group Limited had loan notes outstanding of £7,351,675 (2018: £7,172,378).

10 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:

2019	2018
£	£
11,160	24,272
<u>11,160</u>	<u>24,272</u>

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 2019, Secarma Limited owed £1,597 (2018: £12,858) to the company and incurred loan interest of £1,940 during the period to 31 December 2019 (2018: £5,668). This balance is unsecured and repayable on demand.

In the prior year, the company was granted a loan by a director, who is also a controlling shareholder of the parent company. At 31 December 2019, Secarma Limited owed £1,248,180 (2018: £768,254) to the individual. The company incurred loan interest of £29,926 (2018: £nil). This balance is unsecured and repayable on demand.

During the year, the company was granted a further loan by a company related by virtue of common controlling parties. At 31 December 2019, Secarma Limited owed £1,324,213 (2018: £nil) to the company. The company incurred loan interest of £17,993 (2018: £nil). This balance is unsecured and repayable on demand.

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.

The company was under the control of Lawrence Jones and Gail Jones throughout the current and previous year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.