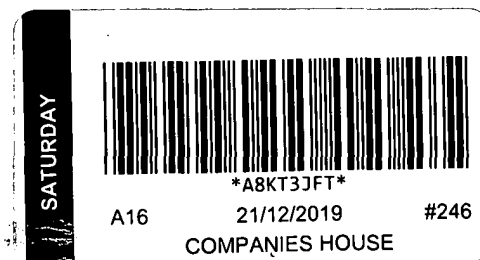


# SecurEnvoy Limited

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 12 month period ended 31 March 2019



**Company Registration No: 04866711**

# SECURENVOY LIMITED

---

<b>CONTENTS</b>	<b>Page</b>
Company information	2
Strategic report	3
Directors' report	4
Independent auditors' report to members of SecurEnvoy Limited	6
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

# SECURENVOY LIMITED

---

## COMPANY INFORMATION

### DIRECTORS

A Kemshall (resigned 8 November 2018)  
P McFadden (appointed 29 May 2019)  
A Morris  
M Stevens (resigned 12 April 2019)  
S Watts  
D Williams

### COMPANY NUMBER

04866711

### REGISTERED OFFICE

22 Great James Street  
London  
England  
WC1N 3ES

### INDEPENDENT AUDITORS

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### BUSINESS ADDRESS

Octagon Point  
5 Cheapside  
London  
EC2V 6AA

### BANKERS

Natwest Bank  
440 Strand  
London  
WC2R 0QS

### SOLICITORS

Mayer Brown  
201 Bishopsgate  
London  
EC2M 3AF

# SECURENVOY LIMITED

---

## STRATEGIC REPORT

The Directors submit their strategic report for the year ended 31 March 2019.

### PRINCIPAL ACTIVITY

The company's principal activity during the year was the sale of subscriptions for multiple factor authentication software solutions.

### BUSINESS REVIEW

The Company's key financial indicators during the year were as follows:

	12 months to 31 March 2019 £	15 months to 31 March 2018 £
Turnover	3,806,538	4,723,606
Operating profit	425,257	2,045,145
Operating margin	11%	43%
Net current assets	2,520,936	2,519,928

Revenue for the year ended 31 March 2019 of £3,806,538 (15 months to 31 March 2018 £4,723,606) represents a 1% increase on a pro-rata basis and an operating profit of £425,257 for the 12 months to 31 March 2019 (15 months to March 2018 £2,045,145) represents a 79% decrease on a pro-rata basis which reflects the significant investment as well as the redistribution of profit across newly established regions.

### FUTURE DEVELOPMENTS

The company is focused to deliver sustainable growing revenues and profits from its existing core areas of expertise through the continued commitment to build strong management teams capable of scaling the business, organisational effectiveness, investment in technology and tight cost control.

### PRINCIPAL RISKS AND UNCERTAINTIES

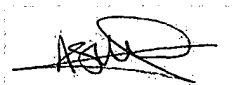
The key business risk and uncertainties affecting the company arise from potential cyber security attacks along with the rapidly changing technologies which require continued investment. Further discussion of these risks and uncertainties, in the context of Shearwater Group plc as a whole, is provided in the group's annual report.

### FINANCIAL RISK MANAGEMENT

Liquidity risk, credit risk and currency risk are managed on a group-wide basis by the company's ultimate parent company, Shearwater Group plc. The company operates in accordance with funding policies controlled by the executive Directors of the ultimate parent company.

The company is exposed to credit risk associated with selling on credit, which it manages through credit control procedures. The company has international customers, some of which are invoiced in US dollars and Euros. The company maintains bank accounts in foreign currencies, which is converted to Sterling at appropriate times in accordance with the ultimate parent company's policy.

By order of the board



T Morris  
Director  
20 December 2019

# SECURENVOY LIMITED

---

## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2019. Prior year reporting is for a period of 15 months so is not comparable.

### GOING CONCERN

The Directors continue to adopt the going concern basis in preparing the annual report and financial statements. Further details are set out in note 1.

### DIVIDENDS AND RESULTS

No dividends were proposed or paid in the year to 31 March 2019 or 31 March 2018. Results for the year are detailed on page 9.

### DIRECTORS

The Directors who held office during the year and up to the date of signing the accounts are as shown below:

A Kemshall (resigned 8 November 2018)  
P McFadden (appointed 29 May 2019)  
A Morris  
M Stevens (resigned 12 April 2019)  
S Watts  
D Williams

### DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

A qualifying third-party indemnity provision was in place for Directors throughout the year and at the date of approval of the financial statements.

### FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

Future developments and principal risks and uncertainties are disclosed within the Strategic Report on page 3.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosures Framework* (FRS 101).

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 these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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.

# SECURENVOY LIMITED

---

## DIRECTORS' REPORT (CONTINUED)

### DISCLOSURE OF INFORMATION TO AUDITORS

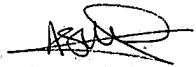
Each person who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- He has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### INDEPENDENT AUDITORS

BDO LLP have indicated their willingness to remain in office, and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board



T Morris  
Director  
20 December 2019

# SECURENVOY LIMITED

---

## INDEPENDENT AUDITORS' REPORT TO MEMBERS OF SECURENVOY LIMITED

### Opinion

We have audited the financial statements of SecurEnvoy Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the 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 period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the 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.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# SECURENVOY LIMITED

---

## INDEPENDENT AUDITORS' REPORT TO MEMBERS OF SECURENVOY LIMITED CONTINUED

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

### Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# SECURENVOY LIMITED

---

## INDEPENDENT AUDITORS' REPORT TO MEMBERS OF SECURENVOY LIMITED CONTINUED

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Nicole Martin (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
20 December 2019

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

# SECURENVOY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 March 2019

	Note	12 months to 31 March 2019 £	15 months to 31 March 2018 £
Revenue	2	3,806,538	4,723,606
Cost of sales		<u>(752,463)</u>	<u>(882,924)</u>
Gross profit		3,054,075	3,840,682
Administrative expenses		(2,628,818)	(1,795,537)
OPERATING PROFIT AND PROFIT BEFORE TAXATION	3	<u>425,257</u>	<u>2,045,145</u>
Interest receivable		-	7
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>425,257</u>	<u>2,045,152</u>
Tax on profit	5	(61,233)	(7,736)
PROFIT AND TOTAL COMPREHENSIVE PROFIT FOR THE FINANCIAL PERIOD		<u><u>364,024</u></u>	<u><u>2,037,416</u></u>

The revenue and operating profits for the year arises from the company's continuing operations.

The company has no other comprehensive income other than those included in the results above.

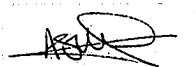
# SECURENVOY LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	31 March 2019 £	31 March 2018 £
<b>FIXED ASSETS</b>			
Intangible assets	6	363,347	-
Tangible assets	7	16,565	16,896
Investment in subsidiaries	8	22,671	22,671
		<u>402,583</u>	<u>39,567</u>
<b>CURRENT ASSETS</b>			
Receivables	9	2,819,146	1,254,554
Cash and cash equivalents		300,468	1,644,361
		<u>3,119,614</u>	<u>2,898,915</u>
Creditors: Amounts falling due within one year	10	(598,678)	(378,987)
		<u>2,520,936</u>	<u>2,519,928</u>
<b>NET CURRENT ASSETS</b>		<b>2,520,936</b>	<b>2,519,928</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,923,519</b>	<b>2,559,495</b>
<b>NET ASSETS</b>		<b>2,923,519</b>	<b>2,559,495</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	127,138	127,138
Share premium		54,863	54,863
Retained profit		2,741,518	2,377,494
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>2,923,519</b>	<b>2,559,495</b>

The financial statements on pages 9 to 19 were approved by the board of directors and authorised for issue on 20 December 2019.



T Morris  
Director

# SECURENVOY LIMITED

---

## STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 March 2019

	Called up share capital (Note 11)	Share premium	Retained earnings	Total shareholders' funds
At 31 December 2016	102,138	54,863	365,010	522,011
Profit and total comprehensive income for the year	-	-	2,037,416	2,037,416
Share-based payment charge	-	-	7,068	7,068
Dividends	-	-	(32,000)	(32,000)
Capital contribution	25,000	-	-	25,000
At 31 March 2018	127,138	54,863	2,377,494	2,559,495
Profit and total comprehensive income for the year	-	-	364,024	364,024
At 31 March 2019	<b>127,138</b>	<b>54,863</b>	<b>2,741,518</b>	<b>2,923,519</b>

### Share premium

This comprises of the amount subscribed for share capital in excess of the nominal value less any transaction costs incurred in raising equity.

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### GENERAL INFORMATION

SecurEnvoy Limited ('the company') participates in the sales of multiple factor authentication software solutions. The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is 22 Great James Street, London, WC1N 3ES.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101.

- Paragraph 45(b) and 46-52 of IFRS 2, 'Share-based payment' (because the share-based payment arrangement concerns the instruments of another group entity).
- IFRS 7, 'Financial Instruments; Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period).
- The requirements of paragraphs 10(d), 10(f), 16, 38(a)-(d), 39(c), 111 and 134-136 of IAS 1 'Presentation of Financial Statements'.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- Paragraph 17 and 18A of IAS 24 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j), to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations'.
- The requirement to include a list of new accounting standards that have been issued but not yet applied.

#### GOING CONCERN

The Directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. To get to this position the Directors have reviewed the Company's recent track record of delivering profits over the past few years plus the Company's net current asset position at 31 March 2019.

#### REVENUE

During the year, as required by IFRS, a new accounting standard – IFRS 15 "Revenue from Contracts with Customers" has been adopted using fully retrospective approach.

Revenue with customers is evaluated based on the five-step model under IFRS 15 'Revenue from Contracts with Customers': (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenues when (or as) each performance obligation is satisfied.

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SecurEnvoy's revenues are derived from the sale of software licences whereby the customer buys a licence to SecurEnvoy's software which it sets up and maintains on its premises. Revenue is recognised fully at the point the licence key / access has been granted to the client. The Group sells the majority of its services through channels and distributors who are responsible for providing 1<sup>st</sup> and 2<sup>nd</sup> line support to the client.

Revenue recognised in the Statement of Comprehensive Income but not yet invoiced is held on the Statement of Financial Position within accrued income. Revenue invoiced but not yet recognised in the Statement of Comprehensive Income is held on the Statement of Financial Position within deferred revenue.

The Company reviewed the potential impact of IFRS 15 in the previous financial period and found that its revenue recognition policy were in line with IFRS 15 which has been adopted in the current year.

### INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Material expenditure on internally developed intangible assets is taken to the statement of financial position if it satisfies the 6 step criteria required under IAS 38.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Internally developed computer software	33 per cent per annum
--	-----------------------

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income within administrative expenses. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least annually.

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

### TANGIBLE FIXED ASSETS

Tangible assets are stated at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset plus any costs of bringing the asset to its working condition for its intended use. Depreciation is provided at the following annual rates, on a straight-line basis, in order to write down each asset to its residual value over its estimated useful life.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Fixtures and fittings	20-33 per cent per annum
-----------------------	--------------------------

Office equipment	25 per cent per annum
------------------	-----------------------

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised, as adjusted items if significant, within the Statement of Comprehensive Income.

### TAXATION

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax based in the computation of taxable profit or loss and is accounted for using the balance sheet method.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations where applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# SECURENVOY LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

Deferred income tax assets and liabilities are measured at the rates that are expected to apply when the related asset is realised, or liability settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

### OPERATING LEASES

The annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

### PENSIONS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions are charged to the Statement of Comprehensive Income in the period in which they are incurred.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for income and expenses during the year and that affect the amounts reported for assets and liabilities at the reporting date.

Revenue recognition is a critical judgement which management consider and apply IFRS 15 criteria when recognising revenue in the financial statements.

### FINANCIAL INSTRUMENTS

SecurEnvoy's financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

#### Financial assets

Financial assets comprise trade and other receivables (excluding prepaid commissions and prepaid expenses) and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Trade and other receivables are measured at amortised cost less a provision for doubtful debts, determined as set out below in "impairment of financial assets". Any write-down of these assets is expensed to Statement of Comprehensive Income.

#### Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, the Company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses are updated at each reporting date.

The new impairment model only applies to the Company's financial assets that are debt instruments measured at amortised costs or FVOCI as well as the Company's contract assets and issued financial guarantee contracts. The Company has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables and contracts assets as required or permitted by IFRS 9.

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Expected credit losses are calculated with reference to average loss rates incurred in the three most recent reporting periods. The Company's average combined loss rate is 0.1%. This percentage rate is then applied to current receivable balances using a probability risk spread as follows:

- 80% of debt not yet due (i.e. the Company's average combined loss rate of 0.1% is discounted by 20%, meaning a 0.08% provision would be made to debt not yet due);
- 85% of debt that is <30 days overdue;
- 90% of debt that is 30-60 days overdue;
- 95% of debt that is 60-90 days overdue; and
- 100% of debt that is >90 days overdue.

Management have performed the calculation to ascertain the expected credit loss which works out to £214 which management believe is immaterial and has not been recognised in the Financial Statements. The Company has a record of no bad debts within the past 5 years of trading.

A calculation for expected credit loss has been made in relation to the Company's inter-group receivables. This is made up of a specific provision for expected credit default plus a general provision which is based upon a 0.5% provision per-annum for each year the receivable is expected to remain outstanding.

At 31 March 2019 there is no expected credit loss on inter-group receivables balance.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Statement of Comprehensive Income

### Financial liabilities

#### Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the invoiced amount. They are subsequently carried at amortised cost using the effective interest method (if the time value of money is significant).

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Comprehensive Income.

## 2. REVENUE

Revenue is attributable to one segment of business.

	12 months to 31 March 2019	15 months to 31 March 2018
The company's turnover by geographical area was as follows:	£	£
United Kingdom	2,174,585	3,046,246
Europe	1,122,028	1,245,288
North America	218,048	258,549
Rest of the world	291,877	173,523
	<b>3,806,538</b>	<b>4,723,606</b>

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3. OPERATING PROFIT

	12 months to 31 March 2019	15 months to 31 March 2018
	£	£
Operating profit is stated after charging/(crediting)	£	£
Depreciation of owned tangible assets	16,776	8,134
Amortisation of intangible assets	2,500	60,000
Auditors remuneration: statutory audit	21,260	6,000
Auditors remuneration: other	-	1,970
Foreign exchange gains	(31,962)	(126,831)

### 4. EMPLOYEES

The average monthly number of persons (including Directors) employed by the company during the year was:

	12 months to 31 March 2019	15 months to 31 March 2018
	No	No
Administration	2	2
Production	9	8
Sales and marketing	4	3
	<u>15</u>	<u>13</u>

	12 months to 31 March 2019	15 months to 31 March 2018
	£	£
Staff costs for the above persons are:	£	£
Wages and salaries	967,643	1,039,120
Social security costs	124,845	108,442
Other pension costs	10,797	75,190
	<u>1,103,285</u>	<u>1,222,752</u>

	12 months to 31 March 2019	15 months to 31 March 2018
	£	£
Directors remuneration:	£	£
Wages and salaries	128,062	97,896
Social security costs	9,765	10,758
Other pension costs	1,283	713
	<u>139,110</u>	<u>109,367</u>

Three of the company's Directors were remunerated by Shearwater Group plc, the ultimate parent company; their emoluments are disclosed in the financial statements of Shearwater Group plc. One Director is employed by a third party and bills Shearwater Group plc, the ultimate parent company for their services. Two Directors are remunerated by the company and their remuneration is included in the staff numbers above.

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 5. TAX ON PROFIT

	12 months to 31 March 2019	15 months to 31 March 2018
	£	£
Current taxation:		
UK corporation tax on profits of the financial period	-	7,865
Prior year tax adjustment	18	-
Total current tax	<u>18</u>	<u>7,865</u>
Deferred taxation	61,215	(129)
Tax on profit	<u>61,233</u>	<u>7,736</u>
Profit multiplied by the standard rate of UK corporation tax of 19%	80,799	388,579
Effects of		
R&D and patent box claims	(31,827)	(119,710)
Other expenses not deductible for tax purposes	14,926	(45)
Deferred taxation	61,215	(129)
Adjustment for group relief	(63,898)	(260,959)
Prior year tax adjustment	18	-
	<u>61,233</u>	<u>7,736</u>

On 26 October 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and a further change was announced on 23 November 2016 to reduce the rate from 19% to 17% from 1 April 2020.

### 6. INTANGIBLE ASSETS

	Computer software £
<b>COST</b>	
At 1 April 2018	100,000
Additions	365,847
At 31 March 2019	<u>465,847</u>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2018	100,000
Charge for the financial period	2,500
At 31 March 2019	<u>102,500</u>
<b>NET BOOK VALUE</b>	
At 31 March 2019	<u>363,347</u>
At 31 March 2018	<u>-</u>

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 7. TANGIBLE ASSETS

	Office Equipment £	Furniture & fittings £	Total £
<b>COST</b>			
At 1 April 2018	27,359	3,830	31,189
Additions	16,445	-	16,445
At 31 March 2019	<u>43,804</u>	<u>3,830</u>	<u>47,634</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 April 2018	12,468	1,825	14,293
Charge for the financial period	15,082	1,694	16,776
At 31 March 2019	<u>27,550</u>	<u>3,519</u>	<u>31,069</u>
<b>NET BOOK VALUE</b>			
At 31 March 2019	<u>16,254</u>	<u>311</u>	<u>16,565</u>
At 31 March 2018	<u>14,891</u>	<u>2,005</u>	<u>16,896</u>

### 8. INVESTMENT IN SUBSIDIARIES

	Total £
<b>COST AND NET BOOK VALUE</b>	
At 31 March 2018 and 31 March 2019	<u>22,671</u>

The company holds the following investments in subsidiary undertakings:

Name of company	Country of incorporation or residence	Registered address	Percentage owned
SecurEnvoy Inc	USA	1209 Orange Street, Wilmington, Delaware	100
SecurEnvoy GMBH	Germany	Freibadstr. 30, 81543, Munchen	100

### 9. RECEIVABLES

	At 31 March 2019 £	At 31 March 2018 £
<i>Amounts due within one year</i>		
Amounts owed by group undertakings	2,175,369	720,756
Trade debtors	602,348	475,818
Prepayments and accrued income	36,682	36,825
Other debtors	4,747	2,781
Other taxation refund	-	18,375
	<u>2,819,146</u>	<u>1,254,554</u>

Amounts due from all subsidiaries are interest free, unsecured and are repayable on demand.

# SECURENVOY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 10. CREDITORS: Due within one year

	At 31 March 2019	At 31 March 2018
<i>Amounts due within one year</i>	£	£
Amounts owed by group undertakings	202,507	32,067
Trade payables	137,908	123,621
Accruals and deferred income	82,518	185,044
Other taxation and social security	71,960	26,466
Other creditors	39,391	778
Deferred taxation	64,394	3,179
Corporation tax	-	7,832
	<u>598,678</u>	<u>378,987</u>

Amounts due to all subsidiaries are interest free, unsecured and are repayable on demand.

### 11. CALLED UP SHARE CAPITAL

	At 31 March 2019	At 31 March 2018
	£	£
Allotted, issued and fully paid:		
Ordinary A shares of 25p each	2,138	2,138
Ordinary B shares of 10p each	25,000	25,000
Ordinary C shares of 10p each	100,000	100,000
	<u>127,138</u>	<u>127,138</u>

### 12. OPERATING LEASE

The company had a two-year operating lease on its offices which expired 31 December 2018. At present the company has a 3-month rolling notice period. At year-end the remaining financial commitment of this lease was £8,730.

### 13. ULTIMATE PARENT COMPANY

The company is controlled by Shearwater Group plc, it's immediate parent.

The ultimate parent company, and the parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is Shearwater Group plc, which is incorporated in the UK and for which financial statements are available from 22 Great James Street, London, WC1N 3ES.

### 14. RELATED PARTY TRANSACTIONS

Shearwater Group plc, together with its other wholly owned subsidiaries, offers certain group-wide purchasing facilities to the company and other subsidiaries whereby the actual costs are recharged. Transactions during the year with other group entities were cost recharges and cash movements.

The company is a wholly owned subsidiary of a group that prepares publicly available consolidated financial statements, namely the group headed by Shearwater Group plc, so it has taken advantage of the exemption IAS 24, 'Related party disclosure' to disclose related party transactions entered into between two or more members of a group.