

SecurEnvoy Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 12 month period ended 31 March 2020

Company Registration No: 04866711

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SECURENVOY LIMITED

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SECURENVOY LIMITED

COMPANY INFORMATION

DIRECTORS

P McFadden (appointed 29 May 2019)
S Watts
D Williams

COMPANY NUMBER

04866711

REGISTERED OFFICE

22 Great James Street
London
England
WC1N 3ES

INDEPENDENT AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

BUSINESS ADDRESS

3.1 Belvedere House
Basing View
Basingstoke
RG21 4HG

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 2020.

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 2020 £	12 months to 31 March 2019 £
Revenue	5,252,718	3,806,538
Operating profit before taxation	2,230,367	425,257
Operating margin	42%	11%
Net current assets	3,585,567	2,585,330

Revenue for the year ended 31 March 2020 of £5,252,718 (31 March 2019 £3,806,538) represents a 38% increase and an operating profit of £2,230,367 for the year ended 31 March 2020 (year ended March 2019 £425,257) represents a 424% increase on an annual basis.

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. The financial statements of Shearwater Group plc are publicly available and can be accessed via the following link: <https://shearwatergroup.com/results-and-presentations/>

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



S Watts
Director
10 December 2020

SECURENVOY LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 March 2020.

GOING CONCERN

The Financial Statements have been prepared on the going concern basis, following the Directors' review of the Company's operations, current financial position, cashflow forecasts and future financing requirements which have included a review of forecast cashflows to March 2022 which incorporate a sensitised reverse stress test (worse-case scenario).

The Directors are satisfied that sufficient cash resources are available to meet financial commitments as they arise and for at least twelve months from the date of signing the Financial statements. Further disclosure is provided in note 1.

DIVIDENDS AND RESULTS

No dividends were proposed or paid for the year ended 31 March 2020 or 31 March 2019. 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:

P McFadden (appointed 29 May 2019)
A Morris (resigned 11 March 2020)
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.

COVID-19

The Company, in conjunction with its ultimate parent company has demonstrated its resilience during the current Covid-19 global pandemic having implemented effective remote working practices in March 2020 that has allowed it to continue trading effectively. That said the Directors continue to monitor the ever changing landscape of the Covid-19 pandemic and challenges that this presents. The Company has worked closely with its customers to understand the challenges they face, not just in the short term but also understanding the potentially changing landscape going forward. This has allowed the Company to review its service offerings to ensure that it continues to meet the needs of the customer. To ensure that we are able to meet the needs of our customers we have maintained regular contact with key suppliers, ensuring that we understand in advance any potential challenges to the supply chain. During this time management have maintained regular contact with employees, ensuring that our staff are kept up to date with events.

SECURENVOY LIMITED

DIRECTORS' REPORT (CONTINUED)

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.

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



S Watts
Director
10 December 2020

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 2020 which comprise the Statement of comprehensive income, Statement of financial position and 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 2020 and of its profit for the year 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
10 December 2020

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 2020

	Note	31 March 2020 £	31 March 2019 £
Revenue	2	5,252,718	3,806,538
Cost of sales		<u>(878,601)</u>	<u>(752,463)</u>
Gross profit		4,374,117	3,054,075
Administrative expenses		(2,143,750)	(2,628,818)
OPERATING PROFIT BEFORE TAXATION	3	<u>2,230,367</u>	<u>425,257</u>
Interest payable		(2,032)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,228,335</u>	<u>425,257</u>
Tax on profit	5	(196,049)	(61,233)
PROFIT AND TOTAL COMPREHENSIVE PROFIT FOR THE FINANCIAL PERIOD		<u><u>2,032,286</u></u>	<u><u>364,024</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 2020

	Note	31 March 2020 £	31 March 2019 £
FIXED ASSETS			
Intangible assets	6	1,514,610	363,347
Tangible assets	7	231,119	16,565
Investment in subsidiaries	8	<u>22,671</u>	<u>22,671</u>
		1,768,400	402,583
CURRENT ASSETS			
Receivables	9	4,934,746	2,819,146
Cash and cash equivalents		<u>146,452</u>	<u>300,468</u>
		5,081,198	3,119,614
Creditors: Amounts falling due within one year	10	(1,495,631)	(534,284)
NET CURRENT ASSETS		<u>3,585,567</u>	<u>2,585,330</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,353,967</u>	<u>2,987,913</u>
PROVISION FOR LIABILITIES			
Creditors: Amounts falling due after more than one year	11	(398,162)	(64,394)
NET ASSETS		<u>4,955,805</u>	<u>2,923,519</u>
CAPITAL AND RESERVES			
Called up share capital	13	127,138	127,138
Share premium		54,863	54,863
Retained earnings		<u>4,773,804</u>	<u>2,741,518</u>
TOTAL SHAREHOLDERS' FUNDS		<u>4,955,805</u>	<u>2,923,519</u>

The financial statements on pages 9 to 22 were approved by the board of directors and authorised for issue on 10 December 2020.



S Watts
Director

SECURENVOY LIMITED

STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 March 2020

	Called up share capital (Note 13)	Share premium	Retained earnings	Total shareholders' funds
At 31 April 2018	<u>127,138</u>	<u>54,863</u>	<u>2,377,494</u>	<u>2,559,495</u>
Profit and total comprehensive income for the year	-	-	364,024	364,024
At 31 March 2019	<u>127,138</u>	<u>54,863</u>	<u>2,741,518</u>	<u>2,923,519</u>
Profit and total comprehensive income for the year	-	-	2,032,286	2,032,286
At 31 March 2020	<u>127,138</u>	<u>54,863</u>	<u>4,773,804</u>	<u>4,955,805</u>

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 2020.

In response to the additional challenges created by Covid-19 management have reviewed and challenged what it believes to be an extreme scenario reverse stress test on the Company up to March 2022. The purpose of the reverse stress test for the Company is to test at what point the cash facilities would be fully utilised if the assumptions in the budget are altered.

The results of the reversed stress test have been shared with the Company's ultimate parent Company Shearwater Group plc which has subsequently consolidated these to give a position for the overall Group which demonstrates that the Group will be able to pay its debts as they fall due for the period to at least 31 March 2022.

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

LEASES

Further to the introduction of IFRS 16 'Leases' which supersedes IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease' for accounting periods beginning on or after 1 January 2019 the Company has adopted the new standard from 1 April 2019 applying a modified retrospective approach. Under this approach the Company has not restated prior year comparative information.

When applying the modified retrospective approach the Company has recognised right to use assets and equal lease liability in the statement of financial position from the initial application date (1 April 2019). As a result there is no impact on equity at the initial date of application.

The initial lease liability has been calculated based on the remaining payments discounted at the incremental borrowing rate at the date of application. The discount rate under the modified retrospective approach is the incremental borrowing rate as at the date of initial application.

Initial identification, assessment and measurement

Right of use assets

In order to identify all potential leases across the Company, discussions were held with Company management to get their input and separately a review of regular monthly payments across all bank accounts was completed as a secondary sense check to ensure no potential leases were missed. Following this exercise management assessed all agreements that in its view may have been or contained a lease. In determining if a lease existed management considered if a contract conveyed the right to control the use of an identified asset for a period of time in return for a consideration. When assessing whether a contract states a right to control the use of an identified asset management considered:

- If a contract involved the use of an identified asset, this could be specified explicitly or implicitly and should be physically distinct.
- If the Company obtained the right to gain substantially all of the economic benefit from the use of the asset throughout the period of use.
- If the Company had the right to direct the use of the asset.

Identified 'Right of use assets' have been valued at the date of inception (1 April 2019) on the discounted lease liability.

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Right of use assets have been depreciated on a straight-line basis from the commencement date (1 April 2019) to the earlier of the end of useful life of the right of use asset or the end of the lease term. The right of use asset may be subject to impairment following certain re-measurement of lease liabilities.

Details of the Company's right of use assets are detailed in note 7.

Lease liability

Lease liabilities have been valued at the present value of remaining lease payments at the initial date of application (1 April 2019) discounted at the determined incremental borrowing rate.

The lease liability is measured at the amortised cost using the effective interest method. Should there be a change in expected future lease payments arising from a lease modification or if the Company changes its assessment of whether it will exercise an extension or termination option the lease liability would be re-measured.

Re-measurement of a lease liability will give rise to a corresponding adjustment being made to the carrying value of the right to use asset.

Lease liabilities are detailed in notes 10 and 11.

Practical expedients

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company have applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leasing under IAS 17:

- Applied a single discount rate to all leases with similar characteristics;
- Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of the lease term remaining as at the date of initial application
- Applied the exemption for low value assets whereby leases with a value under £5,000 (usually IT equipment) have been classed as short term leases and not recognised on the statement of financial position even if the initial term of the lease from the lease commencement date may be more than twelve months.

Incremental borrowing rate

IFRS 16 states that all components of a lease liability are required to be discounted to reflect the present value of the payments. Where a lease (or Group of leases) does not state an implicit rate an incremental borrowing rate should be used. The incremental borrowing rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment.

The Company applied an incremental borrowing rate of 3.5% which it used to discount all identified leases across the Company. The rate is in line with the three-year revolving credit facility which the Company has access to. All leases held have a remaining term of between one to three years which is within the current term of the Company's revolving credit facility.

Effect of IFRS 16 on the statement of financial position

Right of use assets are included within property, plant and equipment on the statement of financial position and balances at 31 March 2020 are detailed in the table below:

	Total £
Property, plant and equipment	
Office equipment	15,141
Furniture and fittings	3,145
Right of use assets	212,833
Total property, plant and equipment (note 7)	231,119

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Company's identified leases related to office property which has previously been classed as an operating lease. The table below details the recognition of these leases as right of use assets in the year:

	Total £
Additions during the year	232,181
Depreciation charge for the year	(19,348)
NBV balance as at 31 March 2020	212,833

There are no leases with a term of more than 5 years.

A reconciliation of lease commitments to lease liability as at 1 April 2019 is detailed below:

	Total £
Short term lease liabilities	8,730
Lease liabilities at 1 April 2019	8,730
Lease liability additions in the year	232,181

The Company entered a new office lease on 1 January 2020.

An analysis of future lease liabilities is detailed below:

	2019/20 £
Lease liability (contractual undiscounted cash flows)	
Less than one year	82,500
One to five years	167,500
Total undiscounted lease liabilities as at 31 March 2020	250,000
Lease liability included in the statement of financial position at 31 March 2020	213,379
Current	75,660
Non-current	137,719

Effect of IFRS 16 on the statement of comprehensive income

Amounts recognised in the statement of comprehensive income for the twelve months ended 31 March 2020 are detailed below:

	2019/20 £
Amounts recognised in the statement of comprehensive income	
Interest on lease liabilities	2,032
Expenses related to short term leases	34,920
Depreciation - right of use assets (note 7)	19,348

Uncertainty over income tax treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- The Company to determine whether uncertain tax treatments should be considered separately, or together as a Group, based on which approach provides better predictions of the resolution;
- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Company elected to apply IFRIC 23 retrospectively with the cumulative effect recorded in retained earnings as at the date of initial application, 1 April 2019. The adoption of IFRIC 23 has had no impact on retained earnings or on corporate tax liabilities.

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

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

Leases

Management make judgements, estimates and assumptions regarding the life of leases. At present management are assessing all existing leases which relate to office space. For this reason management have assumed that the life of leases does not extend past the current contracted expiry date. A judgement has been taken with regards to the incremental borrowing rate based upon the rate at which the Company's ultimate parent Company can borrow money.

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 contract assets as required or permitted by IFRS 9.

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 0.34%. This percentage rate is then applied to current receivable balances using a probability risk spread as follows:

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 80% of debt not yet due (i.e. the Company's average combined loss rate of 0.34% is discounted by 20%, meaning a 0.27% 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 £5,903 which management believe is immaterial. The Company has minimal record of bad debts over 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 2020 the expected credit loss on inter-group receivables balance was £15,120.

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 de-recognition 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.

	31 March 2020	31 March 2019
The company's turnover by geographical area was as follows:	£	£
United Kingdom	2,475,872	2,174,585
Europe	1,205,438	1,122,028
North America	207,150	218,048
Rest of the world	1,364,258	291,877
	<u>5,252,718</u>	<u>3,806,538</u>

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING PROFIT

	31 March 2020	31 March 2019
Operating profit is stated after charging:	£	£
Depreciation of tangible assets	29,729	16,776
Amortisation of intangible assets	234,040	2,500
Auditors remuneration: statutory audit	<u>31,515</u>	<u>21,260</u>

4. EMPLOYEES

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

	31 March 2020	31 March 2019
	No	No
Administration	2	2
Production	6	9
Sales and marketing	9	4
	<u>17</u>	<u>15</u>

	31 March 2020	31 March 2019
Staff costs for the above persons are:	£	£
Wages and salaries	1,251,791	967,643
Social security costs	146,554	124,845
Other pension costs	18,096	10,797
	<u>1,416,441</u>	<u>1,103,285</u>

	31 March 2020	31 March 2019
Directors remuneration:	£	£
Wages and salaries	154,918	128,062
Social security costs	20,188	9,765
Other pension costs	1,316	1,283
	<u>176,422</u>	<u>139,110</u>

Of the five Directors who held office during the year, one Director was remunerated by the company and their remuneration is included in the staff numbers above. 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.

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TAX ON PROFIT

	12 months to 31 March 2020	12 months to 31 March 2019
	£	£
Current taxation:		
UK corporation tax on profits of the financial period	-	-
Prior year tax adjustment	-	18
Total current tax	-	18
Deferred taxation	196,049	61,215
Tax on profit	<u>196,049</u>	<u>61,233</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

Profit/(loss) before taxation	2,228,335	425,257
Profit multiplied by the standard rate of UK corporation tax of 19%	423,384	80,799
Effects of:		
R&D and patent box claims	(50,179)	(31,827)
Other expenses not deductible for tax purposes	(206,887)	14,926
Deferred taxation	196,049	61,215
Adjustment for group relief	(166,318)	(63,898)
Prior year tax adjustment	-	18
	<u>196,049</u>	<u>61,233</u>

6. INTANGIBLE ASSETS

	Computer software £
COST	
At 1 April 2019	465,847
Additions	1,385,303
At 31 March 2020	<u>1,851,150</u>
ACCUMULATED DEPRECIATION	
At 1 April 2019	102,500
Charge for the year	234,040
At 31 March 2020	<u>336,540</u>
NET BOOK VALUE	
At 31 March 2020	<u>1,514,610</u>
At 31 March 2019	<u>363,347</u>

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TANGIBLE ASSETS

	Right of Use Asset £	Office Equipment £	Furniture & fittings £	Total £
COST				
At 1 April 2019	-	43,804	3,830	47,634
Additions	232,181	8,738	3,364	244,283
At 31 March 2020	<u>232,181</u>	<u>52,542</u>	<u>7,194</u>	<u>291,917</u>
ACCUMULATED DEPRECIATION				
At 1 April 2019	-	27,550	3,519	31,069
Charge for the year	19,348	9,851	530	29,729
At 31 March 2020	<u>19,348</u>	<u>37,401</u>	<u>4,049</u>	<u>60,798</u>
NET BOOK VALUE				
At 31 March 2020	<u>212,833</u>	<u>15,141</u>	<u>3,145</u>	<u>231,119</u>
At 31 March 2019	<u>-</u>	<u>16,254</u>	<u>311</u>	<u>16,565</u>

8. INVESTMENT IN SUBSIDIARIES

	Total £
COST AND NET BOOK VALUE	
At 31 March 2019 and 31 March 2020	<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 2020 £	At 31 March 2019 £
<i>Amounts due within one year</i>		
Amounts owed by group undertakings	2,690,315	2,175,369
Trade debtors	2,214,611	602,348
Prepayments and accrued income	20,835	36,682
Other debtors	8,757	4,747
Corporation Tax	228	-
	<u>4,934,746</u>	<u>2,819,146</u>

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

10. CREDITORS: Due within one year

	At 31 March 2020 £	At 31 March 2019 £
<i>Amounts due within one year</i>		
Amounts owed to group undertakings	824,857	202,507
Trade payables	116,977	137,908
Accruals and deferred income	308,267	82,518
Other taxation and social security	158,931	71,960
Lease liabilities	75,660	-
Other creditors	10,939	39,391
	<u>1,495,631</u>	<u>534,284</u>

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

SECURENVOY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CREDITORS: Due after more than one year

	At 31 March 2020	At 31 March 2019
	£	£
Amounts due after more than one year		
Deferred taxation	260,443	64,394
Lease liabilities	137,719	-
	<u>398,162</u>	<u>64,394</u>

12. DEFERRED TAX

	31 March 2020	31 March 2019
	£	£
Liability at 1 April	64,394	3,179
Deferred tax (credit) / charge in the statement of comprehensive income	196,049	61,215
Liability at 31 March	<u>260,443</u>	<u>64,394</u>

13. CALLED UP SHARE CAPITAL

	At 31 March 2020	At 31 March 2019
	£	£
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>

Other reserves include:

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.

Retained earnings Retained earnings represents cumulative profit or loss, net of dividends paid and other adjustments.

14. 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.

15. 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 contained within IAS 24, 'Related party disclosure' to not disclose related party transactions entered into between two or more members of a group.

16. SUBSEQUENT EVENTS

There are no subsequent events to disclose.