

Group Financial Statements

MWR Infosecurity Limited

For the year ended 30 June 2012



Registered number: 04451698

Company Information

Directors	I Shaw A Fidgen I Messenger M Ruks P Webber M Neame (appointed 1 November 2011)
Company secretary	J Fellows
Company number	04451698
Registered office	Churchill Plaza Churchill Way Basingstoke Hampshire RG21 7GP
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS

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Directors' Report

For the year ended 30 June 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Directors' responsibilities statement

The directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the group and company during the year was the provision of information security risk services.

Directors

The directors who served during the year were

I Shaw
A Fidge
I Messenger
M Ruks
P Webber
M Neame (appointed 1 November 2011)

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

Directors' Report

For the year ended 30 June 2012

Auditor

Grant Thornton UK LLP were appointed as auditor on 12 June 2012 to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier

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

This report was approved by the board on **19 October 2012** and signed on its behalf



I Shaw
Director



Independent Auditor's Report to the Members of MWR Infosecurity Limited

We have audited the financial statements of MWR Infosecurity Limited for the year ended 30 June 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group Statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of MWR Infosecurity Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report

Grant Thornton UK LLP

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading
Date 5 December 2012

Consolidated Profit and Loss Account

For the year ended 30 June 2012

	Note	2012 £	2011 £
Turnover	1,2	4,582,601	3,551,622
Cost of sales		<u>(2,072,938)</u>	<u>(1,621,185)</u>
Gross profit		2,509,663	1,930,437
Administrative expenses		<u>(2,308,990)</u>	<u>(1,851,797)</u>
Operating profit	3	200,673	78,640
Exceptional items	5	<u>(22,838)</u>	-
Profit on ordinary activities before interest		177,835	78,640
Interest receivable and similar income		3,104	1,672
Interest payable and similar charges		<u>(21,501)</u>	-
Profit on ordinary activities before taxation		159,438	80,312
Tax on profit on ordinary activities	6	<u>29,227</u>	<u>3,214</u>
Profit on ordinary activities after taxation		188,665	83,526
Minority interests		<u>(11,504)</u>	<u>(4,036)</u>
Profit for the financial year	16	177,161	79,490

All amounts relate to continuing operations

The notes on pages 11 to 20 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 30 June 2012

	2012	2011
	£	£
Profit for the financial year	177,161	79,490
Foreign exchange on the translation of subsidiary	(14,686)	474
Total recognised gains and losses relating to the year	162,475	79,964

The notes on pages 11 to 20 form part of these financial statements

Consolidated Balance Sheet

As at 30 June 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	7		9,593		64,993
Tangible assets	8		144,827		134,225
			<u>154,420</u>		<u>199,218</u>
Current assets					
Debtors	11	1,014,643		601,882	
Cash at bank		404,089		519,376	
		<u>1,418,732</u>		<u>1,121,258</u>	
Creditors: amounts falling due within one year	12	(1,058,641)		(907,848)	
Net current assets			<u>360,091</u>		<u>213,410</u>
Total assets less current liabilities			<u>514,511</u>		<u>412,628</u>
Creditors: amounts falling due after more than one year	13		(153,554)		(233,852)
Provisions for liabilities					
Deferred tax	14		(8,202)		-
Net assets			<u><u>352,755</u></u>		<u><u>178,776</u></u>
Capital and reserves					
Called up share capital	15		123		123
Share premium account	16		149,977		149,977
Profit and loss account	16		186,899		24,424
Shareholders' funds			<u>336,999</u>		<u>174,524</u>
Minority interests	17		15,756		4,252
			<u><u>352,755</u></u>		<u><u>178,776</u></u>

The financial statements have been prepared in accordance with the special provisions relating to groups and companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Consolidated Balance Sheet (continued)

As at 30 June 2012

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

19 October 2012



I Shaw
Director

The notes on pages 11 to 20 form part of these financial statements

Company Balance Sheet

As at 30 June 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	7		9,548		64,948
Tangible assets	8		119,781		110,279
Investments	9		50		50
			<u>129,379</u>		<u>175,277</u>
Current assets					
Debtors	11	1,009,270		552,652	
Cash at bank		244,670		417,331	
		<u>1,253,940</u>		<u>969,983</u>	
Creditors: amounts falling due within one year	12	(936,870)		(778,459)	
Net current assets			<u>317,070</u>		<u>191,524</u>
Total assets less current liabilities			<u>446,449</u>		<u>366,801</u>
Creditors: amounts falling due after more than one year	13		(153,554)		(233,852)
Provisions for liabilities					
Deferred tax	14		(17,235)		-
Net assets			<u>275,660</u>		<u>132,949</u>
Capital and Reserves					
Called up share capital	15		123		123
Share premium account	16		149,977		149,977
Profit and loss account	16		125,560		(17,151)
Shareholders' funds			<u>275,660</u>		<u>132,949</u>

The financial statements have been prepared in accordance with the special provisions relating to groups and companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Company Balance Sheet (continued)

As at 30 June 2012

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

19 October 2012



I Shaw
Director

The notes on pages 11 to 20 form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The principal accounting policies of the group are set out below. The policies remain unchanged from the previous year. The directors have reviewed the principal accounting policies of the group and consider that they remain the most appropriate for the group.

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The directors have considered the financial position of the group, future secured contracts and forecasts for a period of at least 12 months from the date of approval of the financial statements and are of the opinion that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements.

1.3 Cash flow

The financial statements do not include a Consolidated cash flow statement because the group, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.4 Basis of consolidation

The financial statements consolidate the accounts of MWR Infosecurity Limited and all of its subsidiary undertakings ('subsidiaries'), as detailed in note 10.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit and loss account for the year dealt with in the accounts of the company was £142,711 (2011 - £66,688).

1.5 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts. Income arising from the provision of consultancy services is recognised as the work is performed. Fees relating to contracts that straddle a period end are recognised over the period in which services are performed, and adjustments are made, where necessary, for deferred revenue at the balance sheet date.

1.6 Intangible fixed assets and amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset, deemed 3 years, on a straight line basis.

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over the economic life of that asset on the following bases

Leasehold Property	-	over the term of the lease
Fixtures & fittings	-	25% & 33% straight line
Computer equipment	-	33% straight line

1.8 Investments

Investments in subsidiaries are included at cost less provision for impairment

1.9 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.12 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. Turnover by geographical area

The turnover recognised in the year is attributable to the principal activity of the group as detailed in the Directors' Report. Turnover has been disclosed by geographical area below

	2012 £	2011 £
United Kingdom	3,854,124	3,081,095
South Africa	728,477	470,527
Total	<u>4,582,601</u>	<u>3,551,622</u>

3. Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the group	61,104	52,426
Auditors' remuneration - audit services	17,125	9,000
Auditors' remuneration - taxation services	4,000	-
Amortisation of intangible assets	36,568	28,214
Difference on foreign exchange	8,968	1,493

Notes to the Financial Statements

For the year ended 30 June 2012

4. Directors' remuneration

	2012	2011
	£	£
Aggregate emoluments	<u>312,183</u>	<u>349,089</u>

5. Exceptional items

	2012	2011
	£	£
Impairment charge on intangible fixed assets	<u>22,838</u>	<u>-</u>

6. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax		
UK corporation tax credit on profit for the year	(35,029)	(10,829)
Adjustments in respect of prior periods	-	7,615
	<u>(35,029)</u>	<u>(3,214)</u>
Foreign tax on income for the year	(2,400)	-
	<u>(37,429)</u>	<u>(3,214)</u>
Total current tax		
	<u>(37,429)</u>	<u>(3,214)</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	8,202	-
	<u>8,202</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(29,227)</u>	<u>(3,214)</u>

Notes to the Financial Statements

For the year ended 30 June 2012

7. Intangible fixed assets

Group	Develop- ment costs £	Goodwill £	Total £
Cost			
At 1 July 2011	108,048	45	108,093
Additions	4,006	-	4,006
At 30 June 2012	112,054	45	112,099
Amortisation			
At 1 July 2011	43,100	-	43,100
Charge for the year	36,568	-	36,568
Impairment charge	22,838	-	22,838
At 30 June 2012	102,506	-	102,506
Net book value			
At 30 June 2012	9,548	45	9,593
At 30 June 2011	64,948	45	64,993
Company			
Cost			
At 1 July 2011			108,048
Additions			4,006
At 30 June 2012			112,054
Amortisation			
At 1 July 2011			43,100
Charge for the year			36,568
Impairment charge			22,838
At 30 June 2012			102,506
Net book value			
At 30 June 2012			9,548
At 30 June 2011			64,948

Software
develop-
ment costs
£

Notes to the Financial Statements

For the year ended 30 June 2012

8. Tangible fixed assets

Group	Leasehold property £	Fixtures & fittings £	Total £
Cost			
At 1 July 2011	66,422	166,023	232,445
Additions	10,527	61,179	71,706
Disposals	-	(11,888)	(11,888)
At 30 June 2012	76,949	215,314	292,263
Depreciation			
At 1 July 2011	2,461	95,759	98,220
Charge for the year	13,206	47,898	61,104
On disposals	-	(11,888)	(11,888)
At 30 June 2012	15,667	131,769	147,436
Net book value			
At 30 June 2012	61,282	83,545	144,827
At 30 June 2011	63,961	70,264	134,225

Company	Leasehold Property £	Fixtures & fittings £	Total £
Cost			
At 1 July 2011	61,986	128,598	190,584
Additions	10,527	47,186	57,713
Disposals	-	(11,888)	(11,888)
At 30 June 2012	72,513	163,896	236,409
Depreciation			
At 1 July 2011	2,066	78,239	80,305
Charge for the year	13,206	35,005	48,211
On disposals	-	(11,888)	(11,888)
At 30 June 2012	15,272	101,356	116,628
Net book value			
At 30 June 2012	57,241	62,540	119,781
At 30 June 2011	59,920	50,359	110,279

Notes to the Financial Statements

For the year ended 30 June 2012

8. Tangible fixed assets (continued)

9. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2011 and 30 June 2012	50
Net book value	
At 30 June 2012	50
At 30 June 2011	50

Details of the principal subsidiaries can be found under note 10

10. Principal subsidiaries

Company name	Country	Percentage Shareholding
MWR Infosecurity Pty Limited	South Africa	75

The subsidiary has been included in the consolidation and its principal activity is the provision of information security risk services. The other 25% is owned by the directors of MWR Infosecurity Pty Limited.

11. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	831,373	383,185	734,512	336,480
Amounts owed by group undertakings	-	-	91,489	12,536
Other debtors	183,270	218,697	183,269	203,636
	<u>1,014,643</u>	<u>601,882</u>	<u>1,009,270</u>	<u>552,652</u>

Notes to the Financial Statements

For the year ended 30 June 2012

12. Creditors:**Amounts falling due within one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	80,000	80,000	80,000	80,000
Trade creditors	90,646	87,643	89,972	84,781
Corporation tax	10,277	-	-	-
Social security and other taxes	258,083	171,008	246,208	148,376
Other creditors	619,635	569,197	520,690	465,302
	1,058,641	907,848	936,870	778,459

13. Creditors:**Amounts falling due after more than one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	153,554	233,852	153,554	233,852

The bank loan has been secured against the company's leasehold property, plant and machinery and fixtures and fittings

14. Deferred taxation

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	-	-	-	-
Charge for the year	8,202	-	17,235	-
At end of year	8,202	-	17,235	-

The provision for deferred taxation is made up as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	17,775	-	26,808	-
Tax losses brought forward	(9,573)	-	(9,573)	-
	8,202	-	17,235	-

Notes to the Financial Statements

For the year ended 30 June 2012

15. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
10,740 Ordinary shares of £0.01 each	107 40	107 40
1,540 Ordinary A shares of £0.01 each	15 40	15 40
	<u>123</u>	<u>123</u>

The Ordinary A shares and Ordinary shares rank pari passu in all respects save to the extent set out in the Articles of Association

16. Reserves

	Share premium account £	Profit and loss account £
Group		
At 1 July 2011	149,977	24,424
Profit for the year	-	177,161
Foreign exchange on the translation of subsidiary	-	(14,686)
	<u>149,977</u>	<u>186,899</u>
At 30 June 2012		
	<u>149,977</u>	<u>186,899</u>
Company		
At 1 July 2011	149,977	(17,151)
Profit for the year	-	142,711
	<u>149,977</u>	<u>125,560</u>
At 30 June 2012		
	<u>149,977</u>	<u>125,560</u>

17. Minority interests

	£
Equity	
At 1 July 2011	(4,252)
Proportion of profit after taxation for the year	(11,504)
	<u>(15,756)</u>
At 30 June 2012	<u>(15,756)</u>

Notes to the Financial Statements

For the year ended 30 June 2012

18. Operating lease commitments

At 30 June 2012 the Group had annual commitments under non-cancellable operating leases as follows

	2012	2011
Group	£	£
Expiry date.		
Within 1 year	-	3,984
Between 2 and 5 years	37,521	37,521

At 30 June 2012 the Company had annual commitments under non-cancellable operating leases as follows

Company		
Expiry date		
Within 1 year	-	3,984
Between 2 and 5 years	37,521	37,521

19. Related party transactions

	2012	2011
	£	£
Sales made to MWR Infosecurity Pty Limited	87,875	12,140
Purchases made from MWR Infosecurity Pty Limited	30,547	47,689

The net balance owed from MWR Infosecurity Pty Limited at the year end was £91,489 (2011 £12,536)
During the year the group paid £16,500 (2011 £15,346) for services rendered by non-executive directors

There was also a directors loan during the year. The largest balance during the year was £8,502. The year-end balance was £nil.

20. Controlling party

The group is controlled by Mr I Shaw and Mr A Fidgen by virtue of their shareholdings of 34% and 33% respectively.