

COMPANY REGISTRATION NUMBER: 00457812

Banham Patent Locks Limited
Financial Statements
31 December 2021



Banham Patent Locks Limited

Financial Statements

Year ended 31 December 2021

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Banham Patent Locks Limited

Officers and Professional Advisers

The board of directors

M A Herbert
B E Cowper
L A F Banham
C M Banham
L Q Banham
C R Hallatt
T J Ward
M J Hallatt
P A Rodda
F L Banham
E L Banham
G K F Bramwell
T H Hallatt

Registered office

20 Thornsett Road
London
SW18 4EF

Auditor

BDO LLP
55 Baker Street
London
United Kingdom
W1U 7EU

Banham Patent Locks Limited

Strategic Report

Year ended 31 December 2021

The directors present the Strategic Report together with the Directors' Report and audited financial statements for the year ended 31 December 2021.

Principal activities, trading review and future developments

The principal activity of the company is that of burglary prevention specialists.

Despite an increase in administrative expenditure (excluding the impact of the £3.4m impairment of investments in subsidiaries in the prior year) caused by the increased expenditure in advertising and rising payroll costs, the company has once again been profitable. The company's financial position has been further strengthened as a result, with a profit for the year of £2,906,297 (2020: £23,472,195).

The directors consider that the company traded satisfactorily during the period. Turnover has increased by 17.1% to £37,250,007 with the introduction of several growing revenue streams.

With a strong asset base and in particular cash in excess of £11.6m, the company has a strong foundation on which to defend and grow its market share, innovate in new products and technologies and take advantage of strategic opportunities as they arise.

The security and burglary prevention market are, like the wider economy, subject to changes in technology and is also subject to certain level of domestic and global uncertainty. However, as a market leader, the directors consider the Company and wider group to be well positioned to take measures to mitigate market risks and respond positively to market opportunities.

During the year, and since the year-end, due to the global impact of the Coronavirus (Covid-19) pandemic, trading has been somewhat impacted although with social distancing measures now removed and with a national vaccine programme well progressed, the board are of the view that the likely future impacts are not material. The board continue to review the impact of the pandemic on the operations of the company and continue to mitigate them as much as possible.

Further details with regard to the impact of Covid-19 and the Board's considerations with regard to their ongoing use of the going concern basis of preparation for these financial statements is given in note 3.

Key performance indicators

The directors consider revenue, gross profit margins (2021 - 52.6%, 2020 - 49.3%) and operating profit margins (2020 - 9.38%, 2020 - (4.43%)) to be the key performance indicators which it monitors on a regular basis.

The net profit margin was negatively impacted last year due to the £3.4m impairment of the investments in the subsidiaries as a result of the transfer of their trade to Banham Patent Locks Limited.

The company performed satisfactorily in all key areas and anticipates this will continue next year.

Principal risks and uncertainties

The principal risks and uncertainties facing the company include Covid-19, ongoing economic volatility including high inflation, rising interest rates, the ongoing impacts of Brexit, staffing constraints and wage inflation, emerging technologies and threats to security standards.

Although we are coming back from Covid-19 impacts, any significant resurgence in cases and further lockdowns implemented by the government would most certainly impact the business both in terms of impact to staffing and our ability to service our clients.

Banham Patent Locks Limited

Strategic Report *(continued)*

Year ended 31 December 2021

Principal risks and uncertainties *(continued)*

Brexit has clearly had an impact both on availability of staff in the UK but more importantly from a Supply Chain perspective where we are seeing increased prices to cover the additional costs related to Brexit but also in terms of lead times for receiving goods.

Staffing continues to be an ongoing risk both in terms of availability of staff in the market, and aging workforce and the need for succession planning. We continue to recruit where required both in terms of additional headcount required and for replacements for natural churn.

Emerging technologies and new entrants who are not regulated in the same way do pose a threat to the Security Standards that we adhere to.

The latter half of 2022 saw increased volatility in the UK economy, most notably characterised by high inflation and increasing interest rates. The Company is most impacted by the effects of inflation on consumer spending, the rising cost of products in the entities supply chain and inflation in payroll costs. The company is not negatively impacted by increasing interest rates.

The Board are aware of the risks and uncertainties that the company face and continually seek to mitigate them in various ways.

Financial instruments

The main financial risk from the company's activities is credit risk. The company's policy in respect of credit risk is to require appropriate credit checks on significant customers.

The exposure to interest rate risk, liquidity and cash flow risk is minimal as the company has significant cash balances and no borrowings.

The company has relatively little exposure to credit risk as all deposits were held as treasury Deposits through British clearing banks, and the company is debt free.

Section 172 statement

The Directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its member, and in doing so have regard amongst other matters, to the:

- Likely consequences of any long-term decisions, interests and wellbeing of the company's employees.
- Need to foster the company's business relationships with suppliers, customers and others.
- Impact of the company's operations on the community and the environment.
- Desirability of the company maintaining a reputation for high standards of business conduct.
- Need to act fairly between all members of the company.

The Directors' regard to these matters is embedded in their decision-making process and the Board promotes a culture of upholding the highest standard of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

Banham Patent Locks Limited

Strategic Report *(continued)*

Year ended 31 December 2021

Section 172 statement *(continued)*

The Company's business strategy is focused on achieving success for the Company in the long term. In setting this strategy, the Board considers the impact of relevant factors and stakeholder interests on the Company's performance. The Board also identifies principal risks facing the business and sets risk management objectives.

The Board recognizes that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Company's business areas, its risk and control functions, support teams and committees of the Board
- Agenda planning for the Board and Committee meetings to provide sufficient time for the consideration and discussion of key matters. Our Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure that the requirements of section 172 are always met.
- Regular review of policies with regard to corporate responsibility, including business ethics, ISO compliance (where relevant), anti-bribery, anti-corruption, whistleblowing, equal opportunities, human rights, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management, investing in our local communities and our commitment to the armed forces.

Approach to engagement with Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighing to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Company.

The Board regularly discusses issues concerning employees, clients, suppliers, community and environment, regulators and its shareholder, which it takes into account in its discussions and in its decision-making process. In addition to this, the Board seeks to understand the interests and views of the Company's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each. Details with regard to employee engagement are provided within the Directors' report.

Client engagement

Our extensive Client base is at the centre of our business.

Our customer service and sales teams build lasting relationships with current and potential clients to understand their objectives and requirements. During 2021 we had a renewed focus on customer service with the appointment of a new Head of Customer Services and Customer Services Manager.

We are in regular contact with clients to meet their security and service requirements. We operate a robust framework for the oversight of the provision of the Company's products and services to our clients. We take a proactive approach with clients especially those who have ongoing contracts.

Supplier engagement

As a diverse business, we work with a wide range of suppliers, mainly in the UK. We remain committed to being fair and transparent in our dealings with all of our suppliers and recognize the valuable contribution they make to the smooth running of our business. During 2021 with the appointment of a

Banham Patent Locks Limited

Strategic Report *(continued)*

Year ended 31 December 2021

Section 172 statement (continued)

Supplier engagement (continued)

new Head of Procurement and Supply Chain, the company embarked on the analysis of our key suppliers and started a program of collaborative sessions with these key suppliers. These sessions are key to identifying improvements to processes between the two parties and to identify opportunities to combat price increases and finally to be informed of new products and services from the suppliers.

The Company has procedures requiring due diligence of suppliers as to their internal governance, including for example GDPR, anti-bribery and corruption practices, data protection policies and modern slavery matters.

The Company has systems and processes in place to ensure suppliers are paid in a timely manner and have a very proud record in this respect.

Community and Environment

The Board's approach to social responsibility, diversity and the community is of high importance. Corporate social responsibility principles are part of our culture and decision-making process. We take a consultative approach focused on building long term relationships and solving business problems. We are ISO 50001 registered and also have a dedicated Charitable Foundation to underpin this.

The Board continues to commit and broaden the company's work and associations with local charitable organisations, involving local schools, mentoring programmes and homeless projects through the Banham Charitable Foundation.

We work with our regulators including NSI, SIA and the government in an open and proactive manner to help develop regulations that meet the needs of all our stakeholders.

We have a risk and control framework and monthly CEDRIC reports to ensure that the Company complies with all legal and regulatory requirements relating to the provision of products and services to our clients.

Key decisions during 2021

The Board completed at the end of January 2021 the strategic acquisition of the Moor Heart Ltd group. The acquired group is our main lock supplier. This acquisition not only ensures continued supply of our key products to our customers but also allows opportunity to get closer to future research and an enhanced product offering. There are no plans to reduce staffing levels of the acquired company as part of the acquisition. The Board decided to employ a new Managing Director to run the operation and after an extensive search this position was filled in October 2021. On a day-to-day operating basis, the operation continues to operate independently as before but with significant oversight from the Board.

The Board decisions around how we continued to operate in 2021 with the covid pandemic were to ensure that we continued to service our customers in a safe and controlled environment. After consulting with staff, the company continues to offer our staff a hybrid style of working for office staff with 3 days a week in the office and two days working from home. This style of working has now become necessary in order to attract and retain talent.

The business continues to invest in new technology to assist in the support of our customers and employees. We invested in Zendesk as a method to manage contact with both external and internal customers in a way that can be tracked and measured giving more accountability for delivery of service. We also decided to replace our Field Services Management tool which is an ongoing project due to go live in the first quarter of 2023.

Banham Patent Locks Limited

Strategic Report *(continued)*

Year ended 31 December 2021

This report was approved by the board of directors on ...²⁴ January 2023 and signed on behalf of the board by:



Ms L A F Banham
Director

Registered office:
20 Thornsett Road
London
SW18 4EF

Banham Patent Locks Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

M A Herbert
B E Cowper
L A F Banham
C M Banham
L Q Banham
C R Hallatt
T J Ward
M J Hallatt
P A Rodda
F L Banham
E L Banham
G K F Bramwell
T H Hallatt

Dividends

An interim dividend in the sum of £1,307,480 has been paid. The directors do not recommend the payment of a final dividend.

Employment of disabled persons

In line with the Equality Act 2010, it is Company policy not to discriminate against persons whether in, or applying for, employment, who have the protected characteristic of disability. The principles, responsibilities and steps to be taken are outlined in the Companies Equal Opportunities Policy.

Banham Patent Locks Limited

Directors' Report *(continued)*

Year ended 31 December 2021

Employee engagement

The Company is an equal opportunity employer and is fully committed to a policy of treating all of its employees and job applicants equally. The Company takes all reasonable steps to employ, train and promote employees on the basis of their experience, abilities, and qualifications without regard to race, nationality, religion or belief, gender, sexual orientation, age, marital status, or disability. The Company also takes all reasonable steps to provide a work environment in which all employees are treated with respect and dignity and that is free of harassment based upon any form of discrimination.

The Board considers it important that employees are kept informed about both the financial and operational performance of the Company, factors impacting the wider industry and more general employment related matters. Employees are communicated with in a number of formats depending on the communication, this will include emails, team meetings, overall company wide meetings and where appropriate as inclusions or changes to the Employee Handbook.

Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business.

We continually invest in employee development and wellbeing to create and encourage an inclusive culture within the organisation. We are aware of people's focus on mental health and have therefore signed up to an Employee Assistance program which employees and their families can use when required.

Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure our employees feel welcome and are valued and recognised for their hard work. Employees have regular team meetings with their managers, where they have opportunity to give feedback. Managers of the various areas of the business have regular meetings with the Executive team to review performance and to both give and receive feedback. Communication around changes to peoples working environment are done either via team meetings or if required, on a one-to-one basis with the Employee and one of the Executive team.

Banham Patent Locks Limited

Directors' Report *(continued)*

Year ended 31 December 2021

Streamlined energy and carbon reporting

The company has its Energy Management System certified with ISO 14001 with the purpose of enabling the Company to follow a systematic approach in achieving continual improvement of energy performance, including efficiency, energy use and consumption. The company subscribes to the CEDREC website to ensure compliance with all legal requirements.

The company had targeted a 1% Improvement in Miles per Litre for 2021 and achieved an improvement of 3.71%. There was a 1.43% improvement on Electricity Consumption and a 14.24% decrease in gas usage for the year. The company also targeted increasing the number of electric/hybrid vehicles in its fleet by 50% in 2021 which was achieved. Further improvements are targeted, monitored, and measured through the Energy Management System.

The company is targeting across 2022 a 1% reduction in electricity and gas consumption and to increase the number of electric/hybrid vehicles from 6 to 8 in the Banham fleet with an 1% improvement in miles per litre.

	2021		2020	
	Consumption	Emissions (tCO ₂ e)	Consumption	Emissions (tCO ₂ e)
Scope 1 emissions – direct emissions from operations				
Company vehicles	324,014 litres	532.6	274,613 litres	460.0
Electric vehicles	20,492 miles	1.1	20,259 miles	1.2
Scope 2 emissions – indirect emissions				
Electricity purchased	579,017 kWh	122.9	565,621 kWh	131.9
Heat purchased	366,673 kWh	67.2	411,701 kWh	75.7
Scope 3 emissions – other indirect emissions				
Waste disposal	95.6 tonnes	1.8	91.1 tonnes	1.7
Total greenhouse gas emissions		725.6		670.5
Intensity metric tCO₂e / £m turnover		19.3		20.5

Methodology

We report on our emission sources as required by the Companies (Directors' Report) and Liability Partnerships (Energy and Carbon Report) and Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155). We have used the GHG Protocol Corporate Accounting and Reporting Standards, and data gathered to fulfil the reporting requirements. This includes DEFRA conversion factors to calculate greenhouse gas emission disclosures. Banham subscribes to the CEDREC website to ensure compliance with legal requirements.

Return to work plans are in place since March 2022 which includes a hybrid working model, hotdesking with laptops which may see an improvement in energy usage. The company is also updating its Building Management System providing with more information and control over its chillers and boilers.

Disclosure of information in the strategic report

The company has chosen in accordance with Section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 regarding the business review and the principal risks and uncertainties.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Banham Patent Locks Limited

Directors' Report *(continued)*

Year ended 31 December 2021

Directors' responsibilities statement (continued)

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 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 judgments and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures.
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 24 January 2023 and signed on behalf of the board by:



Ms L A F Banham
Director

Registered office:
20 Thornsett Road
London
SW18 4EF

Banham Patent Locks Limited

Independent Auditor's Report to the Members of Banham Patent Locks Limited

Year ended 31 December 2021

Qualified opinion on the financial statements

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the Company's profit for the year then ended.
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Banham Patent Locks Limited (the 'Company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position and 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 Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

Due to practical limitations with regard to the counting of stock held in certain locations as at 31 December 2019, and the interruption of alternative procedures being brought about by the impact of government imposed COVID-19 social distancing measures, we were unable to satisfy ourselves concerning inventory quantities held as at 31 December 2019 with a reported value in the financial statements of £482,781. Consequently, we were unable to determine whether there was any consequential effect of the cost of sales for the year ended 31 December 2020. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures for cost of sales and related balances and the corresponding figures.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Banham Patent Locks Limited

Independent Auditor's Report to the Members of Banham Patent Locks Limited (continued)

Year ended 31 December 2021

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Financial Statements, 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. 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 themselves. 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.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in 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 where 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 the 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 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, 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.

Banham Patent Locks Limited

Independent Auditor's Report to the Members of Banham Patent Locks Limited *(continued)*

Year ended 31 December 2021

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.
- Making enquiries of management regarding the Company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance.
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- Reviewing minutes of the board of Directors in order to identify any instances of fraud or non-compliance with laws and regulations.
- Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
 - Management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
 - challenging assumptions made by management in their significant accounting estimates in particular in relation to provisions for impaired or obsolete stock, provisions against accounts receivable.
 - identifying and testing journal entries, in particular any journal entries to revenue not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the Company.
 - Revenue recognition: application of cut off and existence. Our procedures have been designed to check revenue is recognised in the correct period with amounts appropriately deferred or accrued reflective of receipts and the timing of services or goods provided.

Banham Patent Locks Limited

Independent Auditor's Report to the Members of Banham Patent Locks Limited *(continued)*

Year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forged, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Ian Clayden
E25A0E124BD44AA...

Ian Clayden (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory auditor
London
United Kingdom

Date: 27 January 2023

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

Banham Patent Locks Limited
Statement of Income and Retained Earnings
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	37,250,007	31,802,912
Cost of sales		17,641,773	16,137,377
Gross profit		19,608,234	15,665,535
Distribution costs		1,345,313	1,082,663
Administrative expenses		14,760,532	16,952,826
Other operating income/(repayment) - government grant income (CJRS)	5	(7,777)	960,333
Operating profit/(loss)	6	3,494,612	(1,409,621)
Income from shares in group undertakings	10	–	25,170,443
Interest receivable	11	1,243	33,923
Profit before taxation		3,495,855	23,794,745
Taxation on ordinary activities	12	589,558	322,550
Profit for the financial year and total comprehensive income		2,906,297	23,472,195
Dividends paid and payable	13	(1,307,480)	(1,367,081)
Retained earnings at the start of the year		25,448,596	3,343,482
Retained earnings at the end of the year		27,047,413	25,448,596

All the activities of the company are from continuing operations.

The notes on pages 17 to 31 form part of these financial statements.

Banham Patent Locks Limited

Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	1,644,970	1,268,274
Tangible assets	15	2,098,795	2,044,515
Investments	16	6,885,942	57,962
		<u>10,629,707</u>	<u>3,370,751</u>
Current assets			
Stocks	17	4,558,990	4,169,687
Debtors	18	17,446,783	16,417,848
Cash at bank and in hand		11,646,447	17,907,741
		<u>33,652,220</u>	<u>38,495,276</u>
Creditors: amounts falling due within one year	19	17,227,200	16,410,117
Net current assets		<u>16,425,020</u>	<u>22,085,159</u>
Total assets less current liabilities		<u>27,054,727</u>	<u>25,455,910</u>
Net assets		<u>27,054,727</u>	<u>25,455,910</u>
Capital and reserves			
Called up share capital	21	5,734	5,734
Capital redemption reserve	22	1,580	1,580
Profit and loss account	22	27,047,413	25,448,596
Shareholders funds		<u>27,054,727</u>	<u>25,455,910</u>

These financial statements were approved by the board of directors and authorised for issue on ...24... January 2023, and are signed on behalf of the board by:



Ms L A F Banham
Director

Company registration number: 00457812

The notes on pages 17 to 31 form part of these financial statements.

Banham Patent Locks Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The company is a private company limited by shares registered in England and Wales. The address of the registered office is 20 Thornsett Road, London SW18 4EF. The nature of the company's operation and principal activity are set out in the strategic report.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Group accounts and related parties

The company is a wholly owned subsidiary of Banham Patent Locks Holdings Limited. The company is included in the consolidated financial statements of Banham Patent Locks Holdings Limited.

The financial statements contain information about the company as an individual company and so do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Going concern

On 30 January 2020, the World Health Organisation (WHO) announced a global health emergency because of the Covid-19 coronavirus. In March 2020, the WHO declared the Covid-19 outbreak a pandemic. Shortly afterwards the UK Government imposed social distancing "lockdown" measures followed by a phased relaxation of certain measures from mid-June 2020 until a further national lockdowns for one month in November 2020 and January 2021.

At the time of issue of these financial statements, following the national roll-out of the Covid-19 vaccine, the UK government have removed the majority of social distancing measures and, notwithstanding continued compliance with the Governments ongoing health and safety advice, the business is operating under predominantly normal conditions.

In preparing the financial statements, the directors have considered existing and available financial resources and various trading scenarios for not less than 12 months from the date of approval of these financial statements. In light of the company's trading performance since the outbreak of Covid-19, reasonable expectations of the future impact of the pandemic, ongoing performance throughout 2022 and the sufficiency of available cash resources within the Company and Group, the directors have concluded that it remains appropriate to continue to prepare these financial statements on the going concern basis and have not identified a material uncertainty in this regard.

These financial statements do not include adjustments that would be required were the company not considered a going concern.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).

No cash flow statement has been presented for the company.

Revenue recognition

Revenue from the sales of goods is recognised when the group has transferred the significant risks and rewards of ownership to the buyer, and it is probable that the group will receive the previously agreed upon payment. These criteria are considered to be met when the goods or services are delivered to the buyer.

Fees received in advance for goods or services including subscriptions are deferred and credited to revenue when the goods are transferred or on a time-apportionment basis for services provided.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Current and Deferred taxation *(continued)*

Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax balances are not discounted.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets acquired as part of a business combination are initially recorded at the fair value at the acquisition date and subsequently at this amount less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Customer Relationships	-	Over useful economic life of 10 years
IT Software	-	Over useful economic life of 5 years

Software that remains as an asset under construction during the period is not depreciated until brought into use.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised retrospectively to reflect the new estimates.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs of replacing items of fixed assets are capitalised when they are expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit and loss during the period in which they are incurred.

Depreciation

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Plant and machinery	- 10% - 25% reducing balance
Motor vehicles	- 25% reducing balance
Improvements to buildings	- 20% - 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Cost is based on purchase on a first in first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Government grants

Grant income is recognised using the accruals model as permitted by FRS102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature, including amounts received from the UK Government under the Coronavirus Job Retention Scheme ('CJRS' or 'furlough'), are recognised in the statement of comprehensive income in the same period as the related expenditure.

Financial Instruments

Financial Assets

Financial assets, other than investments and derivatives are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Defined contribution pension scheme

Contributions to the company's defined contribution pension scheme are charged to profit and loss in the year in which they become payable.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Termination benefits

Termination benefits are recognised when the company is demonstrably committed to terminate the employment of an individual employee or group of employees. The group or company is demonstrably committed to a termination only when the group or company has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

Leased assets: Lessee

The company does not have any finance leases. Operating lease rentals are charged to profit or loss on a straight line basis over the term of the lease.

Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- **Impairment indicators of fixed assets**
Determine whether there are indicators of impairment of the company's tangible assets and intangible assets and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- **Impairment indicators of trade receivables**
Determine whether there are indicators of impairment of the company's trade receivables and the determination of the level of impairment provisions. Factors taken into consideration in reaching such a decision include a review of payment history, ongoing correspondence and corrective action available to the company.
- **Stock obsolescence**
Determine whether there are indicators of obsolescence of the group's stock and the determination of the level of obsolescence provisions. Factors taken into consideration in reaching such a decision include a review of stock usage and stock that may be required to service active maintenance contracts.

Other key sources of estimation uncertainty include:

- **Customer relationships**
The fair value of customer relationships recognised on business acquisition where they are separately identifiable from the acquired entity or give rise to other contractual or legal rights. Identifiable assets are recognised at their fair value at the acquisition date.
- **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

- Intangible fixed assets

Intangible fixed assets are amortised over their useful lives and if there is an indication of a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

4. Turnover

Turnover arises from:

	2021 £	2020 £
Goods and services relating to burglary prevention	<u>37,250,007</u>	<u>31,802,912</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income/(repayment)

	2021 £	2020 £
Government grant (repayment)/income - CJRS	<u>(7,777)</u>	<u>960,333</u>

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

6. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2021	2020
	£	£
Amortisation of intangible assets	290,133	218,500
Depreciation of tangible assets	590,903	535,238
Impairment of intangible assets recognised in:		
Administrative expenses	–	3,445,670
Gains on disposal of tangible fixed assets	(55,061)	(2,334)
Operating lease rentals	87,000	87,000
Other operating lease rentals	951,060	945,000
Foreign exchange differences	354	(62)
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>100,000</u>	<u>98,750</u>

8. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Distribution staff	2	2
Administrative staff	36	36
Fitters/operatives	181	174
Surveyors	20	21
Administration	152	140
Directors	13	12
	<u>404</u>	<u>385</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	16,773,318	15,586,215
Social security costs	1,851,141	1,740,516
Other pension costs	519,792	447,260
Termination benefits	52,200	30,000
	<u>19,196,451</u>	<u>17,803,991</u>

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £268,454 (2020: £235,757).

A defined contribution pension scheme is operated by the company on behalf of the company's employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Company contributions amounting to £100,663 (2020 - £97,669) were payable to the fund at the year end and are included in other creditors.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Directors' emoluments	2,414,842	2,224,454
Pension contributions	40,112	39,916
	<u>2,454,954</u>	<u>2,264,370</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>6</u>	<u>5</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Emoluments	<u>496,020</u>	<u>496,020</u>

10. Income from shares in group undertakings

	2021	2020
	£	£
Dividends from group undertakings	<u>–</u>	<u>25,170,443</u>

11. Interest receivable

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>1,243</u>	<u>33,923</u>

12. Taxation on ordinary activities

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax charge	<u>589,558</u>	<u>322,550</u>
Taxation on ordinary activities	<u>589,558</u>	<u>322,550</u>

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

12. Taxation on ordinary activities *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	3,495,855	23,794,745
Profit on ordinary activities by rate of tax	664,213	4,521,002
Expenses not deductible for tax purposes	13,822	698,897
Fixed asset timing differences	(126,367)	(114,964)
Other timing differences	37,890	
Income not taxable	–	(4,782,385)
Tax on profit for the year	589,558	322,550

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021 £	2020 £
Dividends on equity shares	1,307,480	1,367,081

Interim dividends paid at £11.40 per share (2020 - £11.92) per share.

14. Intangible assets

	Customer relationships £	Software £	Patents, trademarks and licences £	Total £
Cost				
At 1 January 2021	1,550,429	1,355,322	–	2,905,751
Additions	–	433,126	233,703	666,829
At 31 December 2021	1,550,429	1,788,448	233,703	3,572,580
Amortisation				
At 1 January 2021	1,382,712	254,765	–	1,637,477
Charge for the year	83,220	206,913	–	290,133
At 31 December 2021	1,465,932	461,678	–	1,927,610
Carrying amount				
At 31 December 2021	84,497	1,326,770	233,703	1,644,970
At 31 December 2020	167,717	1,100,557	–	1,268,274

Additions in respect of patents, trademarks and licences in the year have been incurred in respect of assets that have not yet been brought into use.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

15. Tangible assets

	Plant and machinery £	Motor vehicles £	Improvement to buildings £	Total £
Cost				
At 1 January 2021	1,440,030	2,403,826	832,499	4,676,355
Additions	135,172	586,312	17,500	738,984
Disposals	–	(437,442)	–	(437,442)
At 31 December 2021	1,575,202	2,552,696	849,999	4,977,897
Depreciation				
At 1 January 2021	673,082	1,181,998	776,760	2,631,840
Charge for the year	187,284	391,304	12,315	590,903
Disposals	–	(343,641)	–	(343,641)
At 31 December 2021	860,366	1,229,661	789,075	2,879,102
Carrying amount				
At 31 December 2021	714,836	1,323,035	60,924	2,098,795
At 31 December 2020	766,948	1,221,828	55,739	2,044,515

16. Investments

	Shares in group undertakings £
Cost	
At 1 January 2021	3,502,892
Additions	6,827,980
At 31 December 2021	10,330,872
Impairment	
At 1 January 2021 and 31 December 2021	3,444,930
Carrying amount	
At 31 December 2021	6,885,942
At 31 December 2020	57,962

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

16. Investments *(continued)*

Other movements in Cost represents the considerations payable for the minority holdings in the subsidiaries.

The impairment of the investment balances represents the investments in subsidiaries excluding Banham Academy Limited on completion of the amalgamation of the subsidiaries.

List of subsidiaries

	Activity	Country of Incorporation	% Ownership
Aegis Alarms Systems Limited	Security	England	100
Banham Academy Limited	Training	England	100
Banham Alarms Limited	Dormant	England	100
Bridger Alarms Limited	Security	England	100
Capstan Security Limited	Security	England	100
Close Link Security Limited	Security	England	70
CMS Keyholding Limited	Keyholding and central station facility	England	100
Complete Security (Essex)Ltd	Security	England	100
GSM Security Limited	Security	England	100
Security 201 Limited	Security	England	100
Tara Security Limited	Security	England	100
Moor Heart Limited (see note 26)	Holding company	England	100
Guardian Locks and Engineering Company Limited*	Manufacturing	England	100
Banham Close Protection Limited	Dormant	England	100
Banham Keyholding Limited	Dormant	England	100
Banham Security Group Limited	Dormant	England	100
Banham Stealth Limited (formerly "Waterside 30 Limited")	Dormant	England	100
Lost Keys. Co.UK Limited	Dormant	England	100
Securisys Link Limited	Dormant	England	100

* Indirectly owned, 100% subsidiary of Moor Heart Limited

Operations are based in country of incorporation. The registered offices of all subsidiaries are the same as the company. With the exception of Banham Academy Limited and Guardian Locks and Engineering Company Limited, the trade of the above subsidiary undertakings were transferred into Banham Patent Locks Limited during the prior year and are expected to remain dormant for the foreseeable future.

17. Stocks

	2021 £	2020 £
Finished goods	<u>4,558,990</u>	<u>4,169,687</u>

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

18. Debtors

	2021 £	2020 £
Trade debtors	5,468,965	5,354,583
Amounts owed by group undertakings	1,895,490	1,819,467
Prepayments and accrued income	1,972,370	1,193,078
Other debtors	8,109,958	8,050,720
	<u>17,446,783</u>	<u>16,417,848</u>

19. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,399,830	1,642,303
Amounts owed to group undertakings	1,265,935	1,000
Accruals and deferred income	8,929,267	8,620,603
Corporation tax	228,269	382,565
Social security and other taxes	1,604,825	2,324,233
Other creditors	3,799,074	3,439,413
	<u>17,227,200</u>	<u>16,410,117</u>

Deferred tax liabilities relate to accelerated capital allowances.

20. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>16,317,300</u>	<u>15,626,605</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>8,437,342</u>	<u>7,870,265</u>

Financial assets measured at amortised cost comprise cash, trade and other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and amounts due to group undertakings.

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

21. Called up share capital

Authorised share capital

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>114,688</u>	<u>5,734</u>	<u>114,688</u>	<u>5,734</u>

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>114,688</u>	<u>5,734</u>	<u>114,688</u>	<u>5,734</u>

22. Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments
- Capital redemption reserve represents the amount transferred from share capital on redemption of shares

23. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	87,000	87,000
Later than 1 year and not later than 5 years	261,000	348,000
Later than 5 years	87,000	87,000
	<u>435,000</u>	<u>522,000</u>

Banham Patent Locks Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

24. Related party transactions

Under FRS 102 paragraph 33.9 the company is required to disclose details of material transactions between itself and related parties. The company has taken advantage of exemptions under FRS 102 paragraph 33.11 not to disclose transactions with members of the group headed by Banham Patent Locks Holdings Limited on the grounds where all of the voting rights in the company are controlled within the group and the company is included in the consolidated financial statements of Banham Patent Locks Holdings Limited.

Management charges of £NIL (2020 - £5,637) have been made to Close Link Security Limited and the balance owed by/(to) Banham Patent Locks Limited at the year end is £989 (2020 – £(42,276)).

During the year, Banham Security Limited, a company under common control, was charged management fees of £117,146 (2020 - £136,441) by the company. At the year end, the company was owed £7,952,624 (2020: £7,920,906) by Banham Security Limited.

The company was charged rent of £850,000 (2020 - £800,000) by Banham Security Holdings Limited, a company under common control. At the year end the company was owed £26,243 (2020 - £22,843) by Banham Security Holdings Limited.

Key management personnel include all statutory directors and a number of non-statutory de facto directors across the company who together have authority and responsibility for planning, directing and controlling the activities of the company. Total compensation paid by the company to key management personnel for services provided to the company totalled £2,885,031 (2020-£2,297,000).

25. Controlling party

The directors regard Banham Patent Locks Holdings Limited, a company registered in England and Wales, to be the immediate ultimate parent company and hence the parent of both the smallest and largest groups of which the company is a member. Copies of the parent's consolidated financial statements may be obtained from the registered office of the company.

26. Acquisition of business operations

During the year, the company acquired Moor Heart Limited and its subsidiary undertaking Guardian Lock and Engineering Company Limited for cash consideration.

Moor Heart Limited and Guardian Lock and Engineering Company Limited have been included within the consolidated financial statements Banham Patent Locks Holdings Limited from the date of acquisition. In calculating the goodwill arising on acquisition, the fair value of net assets has been assessed and adjustments from book value made where necessary.

	£
Fair value of total consideration, including expenses	6,829,000
Fair value of net assets acquired	4,269,000
Goodwill arising on acquisition	2,560,000

27. Post balance sheet events

Subsequent to the year end on 29 June 2022, the company acquired 100% of the share capital in Tops Security Solutions Limited for an initial cash consideration of £556,488 and deferred cash consideration of £65,000 payable on 29 March 2023. The consideration will be adjusted equally for any variance in the net current assets on acquisition of £26,777