

**SAFETELL LIMITED**

Report and Financial Statements

Year Ended

30 April 2018

Company number 2408884

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# **SAFETELL LIMITED**

## **Annual report and financial statements for the year ended 30 April 2018**

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### **Contents**

#### **Page:**

1	Strategic report
5	Report of the directors
7	Statement of directors' responsibilities
8	Independent auditor's report
11	Statement of comprehensive income
12	Balance sheet
13	Statement of changes in equity
14	Notes forming part of the financial statements

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### **Country of incorporation**

England & Wales

### **Legal form**

Private limited company

### **Directors**

B G Beecraft  
P Lovell  
A J Pieterse  
M-C Dwek

### **Secretary and registered office**

B G Beecraft, Unit 46, Fawkes Avenue, Dartford, Kent, DA1 1JQ

### **Company number**

2408884

### **Bankers**

HSBC Plc, 59 Old Christchurch Road, Bournemouth BH1 1EH

### **Auditors**

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

### **Principal place of business**

United Kingdom

## **SAFETELL LIMITED**

### **Strategic report for the year ended 30 April 2018**

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#### **Business model**

The asset protection division comprises two main product streams:

- Design and installation of fixed and reactive security screens, reception counters, cash management systems and associated physical security equipment; and
- Service and maintenance of the above equipment, as well as CCTV systems, automatic door operators, locks and other 3<sup>rd</sup> party equipment utilizing a national network of security vetted installers.

The certified security products provide protection for staff and customers against the four main forms of security risk namely physical attacks and abuse, bomb and blasts from explosive devices, protection against gun attacks and fire resistant protection incorporated within the products mentioned previously. Each security risk requires unique products which are not always interchangeable and Safetell works with customers, security consultants and certification bodies to design, develop and test products to ensure their suitability and provide effective protection.

Safetell's work is mainly project based and each project has its own customer specific needs and requires close co-operation with architects and security consultants to develop cost effective security solutions.

Safetell has forged key relationships with suppliers of other security products that complement its own range of products to provide a complete security solution to customers and will continue to seek and develop suitable security products to provide a single source supply of security products on projects.

Customers of the asset protection division range from leading blue-chip organisations to single sites, including banks and building societies, post offices, police forces, railway companies, local authorities and government departments, petrol outlets, hospitals, convenience stores, retailers and supermarket chains. The market varies across the product range.

#### **Financial review**

Revenue in the year decreased from £8,944,082 to £8,092,284 a decrease of 9.5% analysed as follows:

	<b>2017/18</b>	<b>2016/17</b>	<b>Decrease</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Products	4,874	5,870	(17.0%)
Service	3,218	3,074	4.7%
<b>Total</b>	<b>8,092</b>	<b>8,944</b>	<b>(9.5%)</b>

A detailed review of the activities, results and future developments is set out below.

#### ***Product division***

Revenue decreased partly due to the decreased contribution from time delayed cash handling equipment sales to the Post Office so that cash handling equipment sales decreased by 42 per cent. Overall, revenue in all other product groups increased by 12%. The revenue in the year was characterised by numerous small projects with the absence of larger longer term high value projects and, like the Service Division, continues to be affected by branch closures in the banking sector. Staff reduction and other measures in the second half of the year resulted in cost savings.

## **SAFETELL LIMITED**

### **Strategic report for the year ended 30 April 2018 (*continued*)**

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During the year, new products were developed and certified to UK security standards with the focus on providing counter terror security equipment for staff and customer protection. The distribution agreement entered into with Gunnebo UK in the previous financial year to distribute their Security Doors and Partitioning range within the UK increased exposure into new markets but sales were disappointing to date. This complements the existing Safetell product range and the increased product offering enables entry into new market sectors. A three-year fixed price supply contract with a leading financial institution ended in October but margins on this contract had been reduced due to imported component price increases directly related to the pound/Euro exchange rate.

A programme of product re-certification to the latest UK security standards started in the previous financial year was continued which, when completed, will assist in moving the business forward as our focus is moved to the increased level of crime and threat of terrorism within the UK. The final element of the certification process will be completed in the second half of the current year.

#### ***Service division***

Service division revenue was 4.7% higher than the previous year. The company continues to upgrade old legacy systems as customers continue to invest in sites without the need to completely replace rising screens. Supporting new products with the multi skilled workforce continues unaltered. TC105 control system upgrades will continue as customers decide to reinvest in the protection that rising screens provide.

#### ***Strategy***

Safetell is one of the industry leaders in a number of high-demand physical security products and is well placed to service this market. The market for physical security products and services is fast growing with the ever-increasing threat of terrorism and crime placing security high on the priority list for corporate clients.

Safetell intends to develop a strategic business model based on a continuous improvement of skills and processes and apply all requirements of our quality and environmental policies. The company's policy is to maintain the highest standards of product quality, meeting statutory and regulatory requirements by the control of its sales, purchasing, production, delivery, installation and service activities.

Safetell has developed a risk-based strategy which has been deployed, and along with identifying the owners of the risks, the company is able to quantify the levels of risk and the potential outcomes, if those risks were to materialise. All identified risks are monitored and managed by the company directors, senior management and process owners.

The strategy of the company is to broaden the customer base and product range and focus of the security solutions encompassing all the product groups. Safetell already has a well-established blue-chip customer list, particularly in the banking and financial sector, but wants to extend to other sectors whilst at the same time offering a greater range of products within existing sectors. Specifically, the company will seek to address supermarket and retail chains particular with ATM security related products, blast and ballistic proof doors and walls, and fire resistant doors. With the increase in terrorism in the UK, products have been developed and certified with the government CPNI blast resistant programme and existing products have been recertified to the latest BSEN 155/23 (1999) ballistic standard. A programme of product certification with The Loss Prevention Certification Board (LPCB) will be completed in the second half of the current year, ensuring these products comply with the latest UK manual attack resistant standards. Due to the high cost of certification and testing, Safetell has entered into strategic partnerships with manufacturers of various additional security products manufactured within the UK and in Europe. Although these products are applicable to counter terrorism applications, the products are marketed to existing customers and markets who wish to strengthen their security and provide increased safety to staff.

## SAFETELL LIMITED

### Strategic report for the year ended 30 April 2018 (continued)

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#### Key performance indicators

	2017/18 £'000	2016/17 £'000
Turnover from continuing operations <i>Revenue growth is the prime measure of our economic output and is key to measuring shareholder return and the success of our growth strategy</i>	8,092	8,944
Operating loss before exceptional item <i>Operating profit provides an indication of the quality of turnover growth and a measure of value added by the group</i>	(109)	(282)
Operating loss percentage from continuing operations (before exceptional items)	(1.3%)	(3.2%)

#### Principal risks and uncertainties

##### *Service agreements*

The majority of service revenues is from 2 or 3 year service agreements and there is the risk that these may not be renewed. The company has service level agreements with these customers which are closely monitored and holds regular meeting with those customers to check on their satisfaction levels. If the service agreements are not renewed it is likely that those customers would still require our services but would be charged on a call out basis.

##### *Market conditions*

The product range is targeted at both the private (particularly financial, retail and commercial sectors) and the public sector. Customer refurbishment programmes within the financial sector continue to act as an underlying positive trend for demand for many of Safetell's products. The business is reliant on the timing of customer programmes and there is a risk that these may be delayed. The company mitigates this risk by a wide range of product offerings, and maintaining a close working relationship with its customers so that we are aware of any potential delays. Government cut backs and budget restraints due to the negative effect of the Brexit vote has impacted the order book and will continue to influence orders until more certainty is available during the Brexit negotiations regarding the UK's position within the European Union.

##### *Input prices and availability*

Operating performance is impacted by the pricing and availability of its key inputs, which include electronic components, steel and security glass. The pricing of such inputs can be quite volatile at times due to supply and demand dynamics and the input costs of the supply base. The company manages the effect of such demands through a rigid procurement process, long-term relationships with suppliers, economic purchasing, multiple suppliers and inventory management. Prices of imported products and components from the EU have continued to be affected after the Brexit vote as a result of the fall in value of the pound and this uncertainty continues.

The Board has been reviewing the potential impact of Brexit including looking at increasing stock levels in the short term until the outcome of the current negotiations becomes clearer. With this continuing uncertainty concerning the possible impact of sterling and import tariffs following the conclusion of these negotiations, the Board continues to monitor the situation and the risks involved.

## **SAFETELL LIMITED**

### **Strategic report for the year ended 30 April 2018 (*continued*)**

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#### *Quality control*

There is the potential for functional failure of products when put to use, thereby leading to warranty costs and damage to our reputation. Quality control procedures are therefore an essential part of the process before the product is delivered to the customer. With the support of external auditors the quality control systems are reviewed and improved on an on-going basis to ensure that Safetell is addressing the control environment around product and process development. Where applicable, new products go through a certification process which is undertaken by a recognised and reputable authority before being brought to market.

#### **Approval**

This Strategic Report was approved by order of the Board on 11 December 2018.

A handwritten signature in black ink, appearing to read 'B G Beecraft', written over a horizontal line.

B G Beecraft  
Director

11 December 2018

## **SAFETELL LIMITED**

### **Report of the directors for the year ended 30 April 2018**

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The directors present their report together with the audited financial statements for the year ended 30 April 2018.

#### **Directors**

The directors of the company during the year were:

B G Beecraft  
P Lovell  
A J Pieterse  
M-C Dwek

During the year B G Beecraft and M-C Dwek were also directors of the ultimate parent company, Newmark Security PLC.

#### **Auditors**

All of the directors as at the date of this report have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

#### **Financial instruments**

##### *Credit risk*

Credit risk is the risk of financial loss to the company if a customer fails to meet its obligations and the company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers before supplying goods or services while purchase limits are established for each customer, which represents the maximum amount they can order without requiring approval. Credit insurance cover is taken on customers in high risk market sectors

A monthly review of the trade receivables ageing analysis is undertaken and customers' credit is reviewed continuously. Customers that become "high risk" are placed on a restricted customer list, and future credit sales are made only with the approval of management, otherwise pro forma invoices are raised requiring payment in advance.

##### *Liquidity risk*

Liquidity risk arises from the company's management of working capital and finance charges and principal repayment on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The finance director receives daily reports of balances on all bank accounts. At the end of the financial year, the 12 month cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long term borrowings.

## **SAFETELL LIMITED**

### **Report of the directors for the year ended 30 April 2018 (*continued*)**

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#### *Foreign exchange risk*

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than its own functional currency. Liabilities are settled in the functional currency of the company.

#### **Dividends**

The directors have not paid an interim dividend in the year (2017: £Nil). No final dividend is proposed (2017: £Nil).

#### **Future developments**

Information on likely future developments in the business of the company has been included in the Strategic Report.

#### **Qualifying third party indemnity provisions**

The company has put in place qualifying third party indemnity provisions for all of the directors of Safetell Limited.

#### **Approval**

This directors' report was approved by order of the Board on 11 December 2018.



**B G Beecraft**

**Director**

11 December 2018



## **SAFETELL LIMITED**

### **Statement of directors' responsibilities**

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#### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, 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 the affairs of the company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SAFETELL LIMITED**

### **Independent auditor's report to members of Safetell Limited**

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#### ***Opinion***

We have audited the financial statements of Safetell Limited ("the Company") for the year ended 30 April 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

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

#### ***Conclusions relating to going concern***

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### ***Other information***

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

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

We have nothing to report in this regard.

## **SAFETELL LIMITED**

### **Independent auditor's report to members of Safetell Limited (*continued*)**

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#### ***Opinions on other matters prescribed by the Companies Act 2006***

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

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

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

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

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

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

#### ***Responsibilities of Directors***

As explained more fully in the 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.

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **SAFETELL LIMITED**

### **Independent auditor's report to members of Safetell Limited (*continued*)**

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#### ***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.

A handwritten signature in black ink, appearing to read 'BDO LLP'.

Kevin Cook (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
11 December 2018

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

**SAFETELL LIMITED****Statement of comprehensive income for the year ended 30 April 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Turnover</b>	2	8,092,284	8,944,082
Operating costs (including exceptional redundancy costs £68,747 (2017: £204,883))	3	(8,270,225)	(9,431,278)
Operating loss before exceptional items		(109,194)	(282,313)
Exceptional redundancy costs	3	(68,747)	(204,883)
<b>Operating loss</b>		(177,941)	(487,196)
Interest receivable		402	4,557
Interest payable and similar charges	6	(5,100)	(8,877)
<b>Loss on ordinary activities before taxation</b>		(182,639)	(491,516)
Taxation on loss from ordinary activities	7	54,135	37,518
<b>Loss on ordinary activities after taxation</b>		(128,504)	(453,998)
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(128,504)</b>	<b>(453,998)</b>

All amounts relate to continuing activities.

There were no recognised gains and losses other than those included in the statement of comprehensive income.

The notes on pages 14 to 23 form part of these financial statements.

**SAFETELL LIMITED****Balance sheet at 30 April 2018****Company number 2408884**

	<b>Note</b>	<b>2018 £</b>	<b>2018 £</b>	<b>2017 £</b>	<b>2017 £</b>
<b>Fixed assets</b>					
Tangible assets	8		209,836		408,453
			<u>209,836</u>		<u>408,453</u>
<b>Current assets</b>					
Stocks	9	734,484		756,687	
Debtors	10	4,192,980		3,706,642	
Cash at bank and in hand		1,021,509		1,261,932	
		<u>5,948,973</u>		<u>5,725,261</u>	
<b>Creditors: amounts falling due within one year</b>	11	(4,390,565)		(4,199,487)	
<b>Net current assets</b>			<u>1,558,408</u>		<u>1,525,774</u>
<b>Total assets less current liabilities</b>			<u>1,768,244</u>		<u>1,934,227</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(121,464)		(158,943)	
<b>Provision for liabilities and charges</b>	13	(100,000)		(100,000)	
		<u>(221,464)</u>		<u>(258,943)</u>	
<b>Net assets</b>			<u>1,546,780</u>		<u>1,675,284</u>
<b>Capital and reserves</b>					
Called up share capital	15	100,000		100,000	
Profit and loss account		1,446,780		1,575,284	
<b>Shareholders' funds</b>			<u>1,546,780</u>		<u>1,675,284</u>

The financial statements were approved by the Board and authorised for issue on 11 December 2018.



**B G Beecraft**  
**Director**

The notes on pages 14 to 23 form part of these financial statements.

**SAFETELL LIMITED****Statement of changes in equity for the year ended 30 April 2018**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>1 May 2017</b>	100,000	1,575,284	1,675,284
<b>Comprehensive income for the year</b>			
Loss for the year	-	(128,504)	(128,504)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(128,504)	(128,504)
	<hr/>	<hr/>	<hr/>
<b>At 30 April 2018</b>	100,000	1,446,780	1,546,780
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>1 May 2016</b>	100,000	2,029,282	2,129,282
<b>Comprehensive income for the year</b>			
Loss for the year	-	(453,998)	(453,998)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(453,998)	(453,998)
	<hr/>	<hr/>	<hr/>
<b>At 30 April 2017</b>	100,000	1,575,284	1,675,284
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## **SAFETELL LIMITED**

### **Notes forming part of the financial statements for the year ended 30 April 2018**

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#### **1 Accounting policies**

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards.

##### *Disclosure exemptions adopted*

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Certain disclosures regarding the company's capital;
- A statement of cash flows;
- The effect of future accounting standards not yet adopted;
- Disclosure of related party transactions with other wholly owned members of the Group headed by Newmark Security PLC; and
- The disclosure of the remuneration of key management personnel.

The following principal accounting policies have been applied:

##### *Consolidated financial statements*

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006 as the financial statements of the company are included with the consolidated financial statements of its parent company. These financial statements therefore present information about the company as an individual undertaking and not about its group. Group accounts are prepared by the parent company, Newmark Security PLC (details of the parent company are set out in note 19).

##### *Turnover*

Turnover is stated net of value added tax. Sales of equipment are recognised when the equipment is installed or accepted by the customer. Other sales are either recognised on completion of work, or in the case of service contracts spread evenly over the term of the contract.

##### *Financial assets*

##### *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are carried at amortised cost.

##### *Other financial liabilities*

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently at amortised cost.



## SAFETELL LIMITED

### Notes forming part of the financial statements for the year ended 30 April 2018 *(continued)*

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#### 1 Accounting policies *(continued)*

##### *Depreciation*

Tangible fixed assets are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leasehold improvements	- over the life of the lease, subject to diminution in value
Plant and machinery	- over 2 to 10 years
Motor vehicles	- over 3 years
Fixtures and fittings	- over 10 years

##### *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Work in progress includes the cost of direct materials and labour plus attributable overheads based on normal level of activity.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

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.

##### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

## **SAFETELL LIMITED**

### **Notes forming part of the financial statements for the year ended 30 April 2018 (continued)**

#### **1 Accounting policies (continued)**

##### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

##### *Pension costs*

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

##### *Critical accounting estimates and judgements*

There are no particular accounting estimates and judgements involved in the preparation of the financial statements.

##### *Going concern*

At 30 April 2018 the company had net assets of £1.5m (2017: £1.7m) and generated net losses of £0.1m (2017: £0.5 m) for the year then ended. Forecasts for the company are prepared on a Group basis under the Group headed Newmark Security Plc. Subsequent to the year end the directors have obtained an invoice discounting facility of £1m to assist with working capital requirements for the Group in case there is a delay to new product launches and trading falls below expectations. The directors have prepared financial forecasts including this facility and are satisfied the Group and therefore the Company will be able to meet its liabilities as they fall due for the next twelve months following approval of these financial statements. It is on that basis that the directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

#### **2 Turnover**

All turnover is attributable to the manufacture, installation and maintenance of security equipment and was carried out in the following locations:

	2018 £	2017 £
United Kingdom	8,045,973	8,898,669
Europe	8,518	21,185
Middle East	37,793	24,228
	<hr/>	<hr/>
	8,092,284	8,944,082
	<hr/>	<hr/>

**SAFETELL LIMITED****Notes forming part of the financial statements for the year ended 30 April 2018 (continued)****3 Operating costs**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Change in stocks and work in progress	22,203	83,057
Raw materials and consumables	2,844,171	3,097,671
Other external charges	30,120	51,659
Staff costs (note 5)	3,527,247	4,223,357
Depreciation	215,095	262,387
Other operating charges	1,103,236	1,121,749
Group management charge	550,314	612,826
(Profit) on disposal of tangible fixed assets	(6,260)	(29,130)
(Profit)/loss on exchange	(15,901)	7,702
	<u>8,270,225</u>	<u>9,431,278</u>

Staff costs include exceptional redundancy costs of £68,747 (2017: £204,883) which were incurred as part of a restructuring within the business to reduce costs in light of the results for the year.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other operating charges include:		
Auditors' remuneration for - audit	15,683	17,850
- tax	4,484	4,409
Operating lease rentals - plant and machinery	23,316	56,143
- other	154,232	111,798
	<u>197,715</u>	<u>189,999</u>

**4 Directors' emoluments**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Directors' emoluments consist of:		
Aggregate emoluments	225,613	232,223
Company pension contributions	71,023	73,515
	<u>296,636</u>	<u>305,738</u>
Emoluments of the highest paid director:		
Emoluments	<u>127,129</u>	<u>126,402</u>
Amounts paid to company's defined contribution pension scheme	<u>31,819</u>	<u>32,103</u>

There were two directors in the company's defined contribution pension scheme during the year (2017-two).

**SAFETELL LIMITED****Notes forming part of the financial statements for the year ended 30 April 2018 (continued)****5 Employees**

	<b>2018 Number</b>	<b>2017 Number</b>
The average number of employees, including directors, during the year was:		
Sales and management	17	27
Manufacture and installations	61	66
	<u>78</u>	<u>93</u>
	<b>2018 £</b>	<b>2017 £</b>
Staff costs for the above persons were:-		
Wages and salaries	3,032,896	3,638,282
Social security costs	318,313	379,494
Other pension costs (see note 14)	175,038	205,581
	<u>3,526,247</u>	<u>4,223,357</u>

**6 Interest payable and similar charges**

	<b>2018 £</b>	<b>2017 £</b>
On hire purchase	5,100	8,877

**7 Taxation on loss from ordinary activities**

	<b>2018 £</b>	<b>2017 £</b>
Deferred tax		
Origination and reversal of timing differences	(32,664)	(35,994)
Adjustments in respect of previous periods	35,174	-
	<u>2,510</u>	<u>(35,994)</u>
Current tax on losses of the current year		
Group relief	-	(1,524)
Adjustment prior years	(56,645)	-
	<u>(56,645)</u>	<u>(1,524)</u>
Current tax credit	(56,645)	(1,524)
	<u>(56,645)</u>	<u>(1,524)</u>
Tax credit on profit on ordinary activities	(54,135)	(37,518)

**SAFETELL LIMITED****Notes forming part of the financial statements for the year ended 30 April 2018 (continued)****7 Taxation on loss from ordinary activities (continued)**

The current tax credit assessed for the period is more (2017: less) than the standard rate of corporation tax in the UK. The differences are explained below:

<b>Reconciliation of taxation charge</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation	(182,639)	(491,516)
Loss on ordinary activities at the standard rate of corporation tax of 19 % (2017 -19.92%)	(34,701)	(97,910)
Effects of:		
Expenses not deductible for tax purposes	4,728	2,406
Utilisation of group relief	-	1,524
Receipt for group relief	-	(1,524)
Losses carried forward	-	49,379
Difference in tax rates	-	8,607
Deferred tax not recognised	(2,691)	-
Adjustment to deferred tax in respect of previous periods	35,174	-
Adjustment to current tax in respect of previous years	(56,645)	-
Total tax credit for year	(54,135)	(37,518)

# SAFETELL LIMITED

Notes forming part of the financial statements for the year ended 30 April 2018 (continued)

## 8 Tangible assets

	Short leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 May 2017	381,318	652,295	589,722	79,671	1,703,006
Additions	-	16,279	-	199	16,478
Disposals	-	-	(22,160)	-	(22,160)
At 30 April 2018	381,318	668,574	567,562	79,870	1,697,324
<i>Depreciation</i>					
At 1 May 2017	340,693	465,519	432,408	55,933	1,294,553
Charge for the year	40,625	80,404	89,659	4,407	215,095
Disposals	-	-	(22,160)	-	(22,160)
At 30 April 2018	381,318	545,923	499,907	60,340	1,487,488
<i>Net book value</i>					
At 30 April 2018	-	122,651	67,655	19,530	209,836
At 30 April 2017	40,625	186,776	157,314	23,738	408,453

The net book value of tangible fixed assets includes an amount of £63,319 (2017 - £147,822) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £84,503 (2017 - £122,941).

## 9 Stocks

	2018 £	2017 £
Finished goods, raw materials and consumables	640,405	624,952
Work in progress	94,079	131,735
	734,484	756,687

There is no material difference between the replacement cost of stocks and the amounts stated above. Finished goods include an amount of £Nil (2017: £Nil) carried at fair value less costs to sell. The amount of inventories consumed in the year was £2,866,374 (2017: £3,180,728). The amount of inventory write downs in the year was £Nil (2017: £Nil). There are no inventories recoverable after 12 months (2017: £Nil).

**SAFETELL LIMITED****Notes forming part of the financial statements for the year ended 30 April 2018 (continued)****10 Debtors**

	2018	2017
	£	£
Trade debtors	881,077	1,445,919
Prepayments and accrued income	363,670	323,782
Amounts due from group undertakings	2,759,736	1,745,934
Deferred tax asset	188,497	191,007
	<u>4,192,980</u>	<u>3,706,642</u>

All amounts shown under debtors fall due for payment within one year.

**11 Creditors: amounts falling due within one year**

	2018	2017
	£	£
Trade creditors	597,185	589,208
Amounts owed to group undertakings	2,600,457	2,149,352
Other taxation and social security	297,442	322,981
Obligations under hire purchase	35,972	74,124
Accruals and deferred income	859,509	1,063,822
	<u>4,390,565</u>	<u>4,199,487</u>

**12 Creditors: amounts falling due after more than one year**

	2018	2017
	£	£
Amounts owed to group undertaking	106,868	106,868
Obligations under hire purchase	14,596	52,075
	<u>121,464</u>	<u>158,943</u>

The loan from Safetell International Limited is interest free and repayable otherwise than by instalment and the hire purchase payments are due in instalments, as follows:

	2018	2017
	£	£
In two to five years	14,596	52,075
In more than five years	106,868	106,868
	<u>121,464</u>	<u>158,943</u>

## SAFETELL LIMITED

### Notes forming part of the financial statements for the year ended 30 April 2018 (continued)

#### 13 Provision for liabilities and charges

	<b>Dilapidation costs £</b>	<b>Total £</b>
At 1 May 2017 and 30 April 2018	100,000	100,000

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. On recognition of the initial provision, an equal amount was recognised as part of the cost of leasehold improvements. This cost was recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

#### 14 Pension and similar obligations

The company operates a fully insured money purchase scheme open to all employees and more than half are members. The scheme's assets are held by an insurance company in a separate trustee administered fund. Both the company and employees make contributions to the fund.

The contributions made by the company to the scheme during the year were as follows:

	<b>Pension costs</b>		<b>Accrual</b>	
	<b>30 April 2018 £</b>	<b>30 April 2017 £</b>	<b>30 April 2018 £</b>	<b>30 April 2017 £</b>
Money purchase scheme	175,038	205,581	31,988	-

#### 15 Share capital

	<b>Authorised, allotted, called up and fully paid</b>	
	<b>30 April 2018 £</b>	<b>30 April 2017 £</b>
100,000 Ordinary shares of £1 each	100,000	100,000

#### 16 Reserves

Retained earnings represents the cumulative amount of retained profits/losses each year as reported in the income statement.



## SAFETELL LIMITED

### Notes forming part of the financial statements for the year ended 30 April 2018 (continued)

#### 17 Financial commitments

The total value of minimum lease payments due is:

	2018 Land and buildings £	2018 Other £	2017 Land and buildings £	2017 Other £
Not later than one year	91,499	46,144	78,833	26,683
Later than one year and not later than five years	358,371	54,253	-	42,614
Later than five years	-	-	-	-
	<u>449,870</u>	<u>100,397</u>	<u>78,833</u>	<u>69,297</u>

#### 18 Related party disclosures

During previous years, the company made payments on behalf of and received group tax relief ATM Protection (UK) Limited a fellow subsidiary company of Newmark Security PLC, the ultimate parent company. The company owns 86.7% of the issued share capital of ATM Protection (UK) Limited which owns 100% of ATM Protection Limited

The amounts owed at 30 April 2018 and 2017 are set out below:

	Amounts owed to related party 2018 £	Amounts owed to related party 2017 £
ATM Protection (UK) Limited	<u>(114,681)</u>	<u>(114,681)</u>

Both Safetell Limited and ATM Protection (UK) Limited are subsidiary companies of Newmark Security PLC.

#### 19 Ultimate parent company

The ultimate and immediate parent company is Newmark Security PLC, a company registered in England and Wales. Newmark Security PLC is the parent of both the smallest and largest groups of which the company is a member. Copies of the parent company's consolidated financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.