GROSVENOR TECHNOLOGY LIMITED

Report and Financial Statements

Year ended

30 April 2021

Company number: 2412554

GROSVENOR TECHNOLOGY LIMITED

Report and financial statements for the year ended 30 April 2021

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Country of incorporation
United Kingdom

Legal form
Private limited company

Directors
M-C Dwek
M Rapoport
A Rainforth
C Leatherbarrow
P Campbell-White

Registered office
91 Wimpole Street, London W1G 0EF

Company number
2412554

Bankers
HSBC PLC, 59 Old Christchurch Road, Bournemouth, Dorset, BH1 1EH

Auditors
BDO LLP, 31 Chertsey Street, Guildford, GU1 4HD

Principal activity and business model

The company's principal activities are Access Control and Human Capital Management.

- Access Control (AC) systems, the design and build of hardware and software solutions for controlling and monitoring physical access to sites.
- Human Capital Management (HCM) includes hardware, software and cloud based solutions for time-and-attendance, shop-floor data collection, and access control systems.

Both activities have individual design teams creating products to meet the demands of their markets and the specific needs of customers. The business increasingly sees synergies between the two lines of business as end user needs are driving convergence of both access control and workforce management. In addition, centralised sales, marketing, purchasing, dispatch and finance functions supplement the requirements of both activities. Manufacturing is mainly performed by external contractors using intellectual property owned by Grosvenor Technology Limited.

The majority of AC customers are security installation companies dealing directly with end users. For HCM equipment, the majority of customers are value-added resellers (VARs) dealing with either installation companies or end users. The division also has the capability to work on special projects directly with end users, assisting with the design and specification of a system to meet specific customer requirements. These tend to be the larger contracts where the end user needs to ensure that their specifications are fully met.

Financial Review

Revenue

	2021 Sales £000	2020 Sales £000	2021 Gross Margin £000	2020 Gross Margin £000	2021 Gross Margin %	2020 Gross Margin %
Access Control	2,980	4,215	738	1,103	25%	26%
HCM	9,015	8,445	3,181	3,258	35%	39%
Total	**11,995**	**12,660**	**3,919**	**4,361**	**33%**	**34%**

Revenue reduced by (5.3%) to £12million (2020: £12.66million). The revenue performance has arrived as expected with a far stronger second half of the year. Given the impact of COVID-19 the revenue levels have been extremely positive with further growth from HCM.

Steady progress in our Access control business

Our Access Control business is predominantly centred on the UK, and government restrictions imposed to control the spread of COVID-19 resulted in a sharp fall in demand through much of the year as many shops, venues and offices were closed, revenue was £2.98million (2020: £4.22million). For those that were open, investing in upgrading their security systems was understandably not a priority.

We now view our Sateon platform, the successor to our original Janus product range, as mature and complete, with development efforts limited to essential bug fixes and maintenance. Sateon Advance, which is the last iteration of this platform, continues to be used by some access control installers and integrators, while many end-user sites still use legacy Janus products. These platforms continue to generate revenues for the business, but albeit at a diminishing rate.

Janus C4, our latest access control platform has progressed well during the year, maintaining reasonably consistent revenues despite the impact of COVID. Janus C4 is the first time we have ever gone to an external third party and bought a solution from them, but it represents an advance on previous systems, as it is a fully integrated Security Management System ("ISMS"), integrating traditionally disparate offerings such as CCTV, Fire Safety, Intrusion Detection and Energy Management to create a seamless, single platform solution that protects buildings and people.

Unfortunately, our ability to onboard new partners with Janus C4 has been severely hampered, as we have not been able to conduct face-to-face visits during much of the year, and this limited the number of new installations that took place. As restrictions ease, the ISMS is starting to gather more interest from our installation partners, so we are optimistic it will gain traction in the remainder of 2021 and 2022.

HCM business

Whilst revenues from HCM are largely made through Grosvenor Technology LLC, the U.S. subsidiary, we are building on the strong partnerships we have with our existing HCM clients in the rest of the world, and, while hardware sales remain the mainstay of our business, the trend towards enquiries for our subscription 'data management' services has continued during the year.

Gross Profit

Gross profit margins have reduced to 33% (2020: 34%). The reduced sales levels for Access Control had an impact on margins with some fixed elements of cost of sales such as licenses. The reduction in HCM margin is largely driven by the increased costs associated with supply and logistics.

Profitability

The loss before tax was £269,054 compared to a profit of £552,004 in 2020. This has been mainly driven by the reduction in revenue and profit margins discussed above but also the increase in admin expenses of £276,437 to £4,003,546, in the form of the management charge applied by the parent company, Newmark Security PLC. Exceptional costs also increased by £111,520 to £144,520 as a programme of restructuring and redundancies was carried out.

Balance Sheet

Net assets have reduced by £99,054 to £3,327,331 (2020: £3,426,385) as a result of the loss incurred for the year as discussed above. The key movements in the Balance sheet that cumulatively reflect the reduction in net assets include an increase in trade and other receivables of £651,607 reflecting the increased year end trading activity compared with prior year. Inventory has increased by £438,676 as a result of anticipated demand for finished goods combined with some impact of the global componentry shortage on price and additional purchases. Similarly trade and other payables has increased £1,309,166, again related to levels of year end activity.

Cashflow

During the year cash has reduced by £734,650 to £236,576 (2020: £971,226). This was largely driven by the repayment of invoice discounting facilities which reduced to £272 from £705,768.

Building on our strong reputation

Above all, we are investing in our reputation for providing reliable and high performing hardware. That's how we have been successful in onboarding new Tier 1 clients in the US, via the Company's US subsidiary, and why we remain in negotiation with others. We are talking with several major HCM software providers about supplying them with our next generation hardware and a range of complementary Software as a Service ("SaaS") Solutions.

These services are becoming as important as the hardware for some clients. This is encouraging as we try to balance our hardware sales with our SaaS offering, which provides us with recurring income and bolsters the flow of cash into the business. We also offer Clock as a Service (ClaaS), which brings everything together by allowing customers to choose any clock, bundled with our GT services, for one low-cost monthly fee.

Managing data privacy and security

Another element of building a strong reputation is how we manage data privacy and data security, in particular biometric data, such as fingerprints and face identification. In the US, there are different rules for biometric data capture and what you can do with it, depending on which state you are in, while in Europe and the UK, we have to adhere to General Data Protection Regulation ("GDPR") rules.

It is complex, which is why we have also invested significantly in our workflow management of biometric data. That has meant gathering the consent of people for using their data in the US and Europe, and ensuring that we have annual penetration testing of our systems – both our timeclocks and our Cloud platforms. We are dealing with this ahead of any potential Federal legislation in the US, reassuring our customers that we are secure, and future proofing our systems.

New Cloud platform

With our newly developed Cloud platform due to launch in spring 2022, we are using a Cloud and Application Programming Interface ("API") first approach. This means we can prioritise the use of a Cloud infrastructure along with APIs to provide seamless connectivity and integration between back-end and front-end systems for customers. We have incorporated new technologies to support Internet of Things (IoT) connectivity to the platform, and we have significantly expanded its middleware capabilities – which will enable smoother integration with our partners' time management platforms, and help us onboard customers, as our systems will talk to each other better.

The future

In 2021, we have invested in our business, bolstered our strategy and built the momentum we need to push for growth in the year ahead.

Although we expect to see some progress in Access Control, and the business is in a good place, the biggest opportunities are likely to come in our HCM businesses. We have ambitious growth plans in the UK and the EU, where we have onboarded new clients, with more good prospects lined up.

However, the real step change for Grosvenor Technology could come in the US, via sales to our US subsidiary, where we will grow our business with existing partners and look to onboard new Tier 1 clients with a compelling offering that encompasses a combination of market-leading technology, products and services.

Subsequent events

Post the balance sheet date the Company has amended its financing facilities. In December 2021 the Company negotiated with its bankers, HSBC, an increase in the headroom on its invoice discounting facility from £800k to £1.1m.

Principal risks and uncertainties

Economic conditions

The risk of further future lockdowns could result in a period of depressed trading activity and delays in customer projects. The impact is somewhat reduced by the geographic spread and the nature of our customers. Commercially we have been sensitive to the evolving demands of our customers but we also operationally monitor activity levels for support and new business. The Chief Financial Officer of the Company's parent Newmark Security PLC monitors cashflows and potential financing opportunities for all operating subsidiaries and discusses these regularly with the Board in order to support the reduced cash generation from lower levels of trading. Lag effects of COVID-19 such as the global componentry shortage have constricted certain lines of supply which has meant longer lead times for ordering and an increase in cost to purchase. The company monitors the position regularly with detailed inventory modelling based on forecast orders. Brexit has resulted in an additional administration burden but as yet has not significantly impacted trading.

Supply chain and pricing risk

Operating performance is impacted by the pricing and availability of the key inputs, which includes 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.

One of the biggest challenges we have faced during the year has been on the supply side. The supply of components like semiconductors has been affected by various socio-economic factors, not least of which have been freight restrictions due to the global pandemic. Even without that, we have seen enormous price hikes in certain components, and we have limited opportunities to pass that on to the market due to contractual obligations where the price is fixed. This situation appears likely to continue, which means that our margin will become increasingly squeezed. This further highlights the need for our business strategy to balance capital sales with a subscription model, as that makes margin at the point of sale much less relevant.

In our efforts to mitigate this challenge, we are looking to rationalise our global supply chains over the next 12 months. Having been in business in Europe for decades, our primary supply infrastructures are UK-based, with contract manufacturers based in Hungary and Poland, and a lot of our components coming from the Far East. However, most of our growth now comes from the US, which is a much more recent development, and we need to address that.

We have recently employed a new Vice-President of Operations and Supply Chain based in the US but covering all aspects of the business. He will work with the third party logistics company we use in the US to improve our local supply chain, but, more importantly, we need to build out our operational capability in the US. We are looking at the potential of a supply chain based wholly within the US, and what that would mean to our business in the region. A rationalisation of our supply chain and procurement could allow us to manufacture in dollars and sell in dollars in the US, while allowing for a failover if there is a problem with our supply chain in either Europe or the US.

Product risk
The company has incurred substantial strategic expenditure on new developments, based on market intelligence. Due to the dynamic nature of the market itself there is a risk of the market needs moving on during the development process. The company mitigates this risk by carrying out customer trials and ascertaining features required by customers.

Quality control risk
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 quality auditors, the quality control systems are reviewed and
improved on an on-going basis to ensure that the company is addressing this risk through a certification process which is undertaken by a recognised and reputable authority before being brought to market.

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 with purchase limits established for each customer, which represents the maximum open amount they can order without requiring approval. A weekly 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 the local 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 the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The Chief Financial Officer receives daily reports of balances on all bank accounts for all operating subsidiaries, including Grosvenor Technology Limited, and regular cash forecasts in order to assess the required level of short-term financing to draw down on in the form of group overdraft or invoice discounting facilities.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. Liabilities are settled with the cash generated from the company's operations in that currency wherever possible, otherwise the liabilities are settled in the functional currency. During the year a forward contract currency strategy was implemented to reduce the volatility of exchange rate fluctuations to the company.

Going concern

Based on the Company's latest trading, future expectations and associated cash flow forecasts, the Directors have considered the Company's cash requirements and are confident that the Company will be able to continue trading for a period of at least 12 months following approval of these financial statements, following review of forecast results of the Company and the Company's subsidiary forecast results and cashflows to April 2023, being the going concern review period.

During the current year, the Company made a loss after tax of £99,054 in the year (2020: Profit £1,507,585) and was in a net current liability position at year end of £700,582 (2020: £489,020). However, within current liabilities is an amount of £944,000 owed to its subsidiary company which are intended to be settled by way of a dividend in specie as part of a Group rationalisation project in the going concern review period, which will restore the company to a net current asset position. The Company has experienced a reduced level of trading as a result of early COVID related lockdowns. However, management have seen improved trading levels into the second half of the next financial year to April 2022. In the last couple of months of the year to 30 April 2021 the company has also been impacted by the global supply chain shortages which has resulted in difficulty obtaining some stock items and where stock could be obtained it was more expensive and often had longer lead times. This has continued into the year ended 30 April 2022 and has had an impact on the margins in this year.

The Company expects to continue to utilise its available invoice financing facility to aid with operational cash flows. During the second half of 2021, the Company has utilised the COVID Recovery Loan Scheme (RLS) to increase the percentage of its funds generated on its invoice discounting account from 85% to 100%. Management have also secured an increase to the Company's invoice discounting facility with headroom increasing from £800,000 to £1,100,000 from December 2021, albeit at 95% of funds generated. However due to the forecast loss making position and reliance on Group financing, the Company may require support from its Parent Company, Newmark Security PLC, including access to shared financing facilities. Newmark Security PLC has provided a letter of support to the Company confirming continued financial support as required to meet liabilities as they fall due for at least the going concern review period.

In order to confirm that this support can be provided from the Parent Company, the Company's directors have reviewed the available financing facilities for the Group and Group forecasts to April 2023:

Newmark Security PLC continues to work closely with its bank (HSBC) and is constantly reviewing the cash flow needs of the Group against the facilities secured. Management have recently secured an additional overdraft facility of £250,000 to reach £700,000 as a short-term measure to 31 March 2022 to cover earlier group stock purchases.

In September 2020 the Parent Company secured a £2m CBILS loan with HSBC. HSBC have provided written confirmation that the first annual covenant testing for this facility will be for the year ended 30 April 2023. The Group's current forecast suggests that it will achieve the covenant position for this period which is based on debt service cover. Sensitivity analysis has been completed on this forecast and revenues would need to fall by over 2.5% or costs increase by over 4.3% for it to be in a breach position.

The Group continues to manage its cash carefully due to the COVID pandemic and the global supply shortages. The Group is expecting to fully utilise its invoice discounting facility in the year ended 30 April 2022 but is forecasting to finish the year with a positive cash balance. Current expectations are that the invoice discounting facility would be reduced in the year to 30 April 2023 and the cash balance remaining positive.

Based on the above assessment of results and available financing, the accounts have been prepared on the going concern basis.

Approval

This Strategic Report was approved by order of the Board on 18 January 2022.

M-C Dwek
Director

The Directors present their report together with the audited financial statements for the year ended 30 April 2021.

Results and dividends

No interim dividend was paid in the year (2020: £Nil). No final dividend is proposed (2020: £Nil).

Directors

The Directors of the Company during the year and to the date of signing of the accounts were:

M-C Dwek
M Rapoport
A Rainforth
E Dew (Resigned 30 September 2020)
G Feltham (Resigned 3 September 2021)
C Leatherbarrow
P Brennan (Resigned 31 July 2021)
P Campbell-White (Appointed 17 September 2021)

M-C Dwek, G Feltham and M Rapoport were also directors of the Ultimate Parent Company, Newmark Security PLC during the current year.

Information included within the Strategic Report
Information on financial risk management and exposure, subsequent events and likely future developments in the business of the Company has been included in the Strategic Report

Research and development

The Company is committed to on-going research and development. The strategy is based upon market demand to meet identified security needs in conjunction with a commercial assessment of the short to medium term profitability of each project. The amount of development costs capitalised in the year was £511,910 (2020: £766,734).

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Approval

This directors' report was approved by order of the Board on 18 January 2022.

M-C Dwek

M-C Dwek
Director

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 of the Company 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; 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.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 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.

We have audited the financial statements of Grosvenor Technology Limited ("the Company") for the year ended 30 April 2021 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).

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

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. 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 course of 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 this gives rise to 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
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.

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

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

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

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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:

- We obtained an understanding of legal and regulatory framework through our accumulated knowledge and consideration of sector information that is applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework (including but not limited to accounting standards in conformity with the requirements of the Companies Act 2006) and tax legislation.
- We have gained an understanding as to how the Company is complying with those legal and regulatory frameworks through enquiries of management and members of the Board responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes.
- The relevant laws and regulations identified, in addition to fraud risks and how and where this may occur were communicated to the audit engagement team who remained alert to any indications of fraud or non-compliance with laws and regulation 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, forgery, 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: https://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:

Nick Poulter

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Nick Poulter (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Guildford

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

20 January 2022

GROSVENOR TECHNOLOGY LIMITED

Statement of comprehensive income for the year ended 30 April 2021

	Note	2021 £	2020 £
Turnover	2	11,994,771	12,659,672
Cost of sales		(8,076,093)	(8,298,202)
Gross profit		3,918,678	4,361,470
Administrative expenses		(4,003,546)	(3,727,109)
Operating (loss)/profit before exceptional items		(84,868)	634,361
Exceptional redundancy costs		(144,520)	(33,000)
Operating (loss)/profit	3	(229,388)	601,361
Interest payable		(39,666)	(49,357)
(Loss)/profit on ordinary activities before taxation		(269,054)	552,004
Taxation on ordinary activities	6	170,000	955,581
(Loss)/profit on ordinary activities after taxation		(99,054)	1,507,585
Total comprehensive (loss)/profit		**(99,054)**	**1,507,585**

All amounts relate to continuing activities.

The notes on pages 16 to 32 form part of these financial statements.

GROSVENOR TECHNOLOGY LIMITED

Balance sheet at 30 April 2021

Company number: 2412554	Note	2021 £	2021 £	Restated 2020 £	Restated 2020 £
Non-current assets					
Investments	7		932,269		932,269
Intangible assets	8		2,764,063		2,489,326
Tangible assets	9		349,853		683,727
Deferred tax asset	14		55,117		146,118
Total non-current assets			4,101,302		4,251,440
Current assets					
Stocks	10	2,051,938		1,613,262	
Debtors	11	4,168,033		3,516,426	
Cash at bank and in hand		236,576		971,226	
Total current assets		6,456,547		6,100,914	
Creditors: amounts falling due within one year					
Creditors	12	(6,972,167)		(5,663,001)	
Short term borrowings	13	(184,962)		(926,933)	
Total current liabilities		(7,157,129)		(6,589,934)	
Net current liabilities			(700,582)		(489,020)
Total assets less current liabilities			3,400,720		3,762,420
Creditors due after one year	15		(73,389)		(336,035)
Net assets			3,327,331		3,426,385
Capital and reserves					
Called up share capital	17		16,667		16,667
Share premium account	18		73,333		73,333
Other reserves	18		600		600
Profit and loss account	18		3,236,731		3,335,785
Shareholder's funds-equity			3,327,331		3,426,385

The financial statements were approved by the Board and authorised for issue on 18 January 2022.

M-C Dwek
Director

The notes on pages 16-32 form part of these financial statements.

GROSVENOR TECHNOLOGY LIMITED

Statement of changes in equity

	Share Capital	Share Premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 30 April 2020	16,667	73,333	600	3,335,785	3,426,385
Comprehensive loss for the year	-	-	-	(99,054)	(99,054)
At 30 April 2021	16,667	73,333	600	3,236,731	3,327,331
At 1 May 2019	16,667	73,333	600	1,817,514	1,908,114
Impact Of IFRS 16 Transition	-	-	-	10,686	10,686
At 1 May 2019	16,667	73,333	600	1,828,200	1,918,800
Comprehensive income for the year	-	-	-	1,507,585	1,507,585
At 30 April 2020	16,667	73,333	600	3,335,785	3,426,385

The notes on pages 16-32 form part of these financial statements.

1 Accounting policies

Grosvenor Technology Limited (the company) is a private limited company, limited by shares and registered in England and Wales. The registration number is 2412554. A description of the Company's operations and principal activities is included within the Strategic and Director's reports.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *'Reduced Disclosure Framework'* (FRS 101).

Going concern

Based on the Company's latest trading, future expectations and associated cash flow forecasts, the Directors have considered the Company's cash requirements and are confident that the Company will be able to continue trading for a period of at least 12 months following approval of these financial statements, following review of forecast results of the Company and the Company's subsidiary forecast results and cashflows to April 2023, being the going concern review period.

During the current year, the Company made a loss after tax of £99,054 in the year (2020: Profit 1,507,585) and was in a net current liability position at year end of £700,582 (2020: 489, 020). However, within current liabilities is an amount of £944,000 owed to its subsidiary company which are intended to be settled by way of a dividend in specie as part of a Group rationalisation project in the going concern review period, which will restore the company to a net current asset position. The company has experienced a reduced level of trading as a result of early COVID related lockdowns. However, management have seen improved trading levels into the second half of the next financial year to April 2022. In the last couple of months of the year to 30 April 2021 the company has also been impacted by the global supply chain shortages which has resulted in difficulty obtaining some stock items and where stock could be obtained it was more expensive and often had longer lead times. This has continued into the year ended 30 April 2022 and has had an impact on the margins in this year.

The Company expects to continue to utilise its available invoice financing facility to aid with operational cash flows. During the second half of 2021, the Company has utilised the COVID Recovery Loan Scheme (RLS) to increase the percentage of its funds generated on its invoice discounting account from 85% to 100%. Management have also secured an increase to the Company's invoice discounting facility with headroom increasing from £800,000 to £1,100,000 from December 2021, albeit at 95% of funds generated. However due to the forecast loss making position and reliance on Group financing, the Company may require support from its Parent Company, Newmark Security PLC, including access to shared financing facilities. Newmark Security PLC has provided a letter of support to the Company confirming continued financial support as required to meet liabilities as they fall due for at least the going concern review period.

In order to confirm that this support can be provided from the Parent Company, the Company's directors have reviewed the available financing facilities for the Group and Group forecasts to April 2023:

Newmark Security PLC continues to work closely with its bank (HSBC) and is constantly reviewing the cash flow needs of the Group against the facilities secured. Management have recently secured an additional overdraft facility of £250,000 to reach a £700,000 facility as a short-term measure to 31 March 2022 to cover earlier group stock purchases.

In September 2020 the Parent Company secured a £2m CBILS loan with HSBC. HSBC have provided written confirmation that the first annual covenant testing for this facility will be for the year ended 30 April 2023. The Group's current forecast suggests that it will achieve the covenant position for this period which is based on debt service cover. Sensitivity analysis has been completed on this forecast and revenues would need to fall by over 2.5% or costs increase by over 4.3% for it to be in a breach position.

The Group continues to manage its cash carefully due to the COVID pandemic and the global supply shortages. The Group is expecting to fully utilise its invoice discounting facility in the year ended 30 April 2022 but is forecasting to finish the year with a positive cash balance. Current expectations are that the invoice discounting facility would be reduced in the year to 30 April 2023 and the cash balance remaining positive.

Based on the above assessment of results and available financing, the accounts have been prepared on the going concern basis.

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:

- Disclosure in relation to the objectives, policies and process for managing 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;
- The disclosure of the remuneration of key management personnel;
- Certain disclosures regarding financial instrument disclosures as required by IFRS7 *Financial Instruments: Disclosures;* and
- Certain disclosures required under IFRS 15 *Revenue from Contracts with Customers,* including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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). The financial statements have been prepared in accordance with Financial Reporting Standard101 Reduced Disclosure Framework.

New standards, interpretations and amendments effective from 1 May 2020

None of the new standards or amendments to standards have had any material impact on the accounting policies of the Company in the year.

Turnover

Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from selling hardware, with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Software sales are recognised when the licence key is given to the customer, as the customer has a right to use the Company' s intellectual property as it exists at a point in time when the licence is granted (a "passive" licence). There is ongoing support provided but this is a distinct separate performance obligation and provided under a separate contract. There are no significant upgrades provided that are fundamental to the ongoing use of the licence by the customer.

The Company provides support and service contracts to customers, which are invoiced separately to the goods and software noted above and are considered to be distinct performance obligations. The revenue from support, Software-as-a-Service (SaaS) contracts is recognised over time as the customer simultaneously receives and consumes the benefits of the service over the life of the contract. The revenue is recognised straight line over the life of the contract.

Determining the transaction price

Turnover is derived from fixed price contracts for each revenue stream and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product or service sold. Therefore, there is no judgement involved in allocating the contract price to allocate to each revenue stream sold to one customer. Where a customer orders more than one service (i.e. product, installation and ongoing service), the Company is able to

determine the split of the total contract price between each revenue stream by reference to each standalone selling price (all revenue streams are capable of being, and are, sold separately).

Payment terms

Payment for all revenue streams noted above is due between 30 and 60 days after the invoice is raised. For all revenue recognised at a point in time, the invoice is raised when the product or service has been supplied. Deferred income arises where invoices relate to a service contract for a defined future period of time.

For service revenue recognised over time, the invoice is raised on a monthly basis for most customers.

Fixed assets

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 equipment	-	10 to 33 1/3% per annum straight line
Motor vehicles	-	25% per annum straight line
Fixtures and fittings	-	15 to 33 1/3% per annum straight line

Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
Expenditure on internally developed products is capitalised if it can be demonstrated that:

- there is an intention to complete and sell the product;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised hardware and firmware development costs are amortised over seven years being the period the Company expected to benefit from selling the products developed. Amortisation is charged from when the asset is ready for use and the expense is included within the cost of sales line in the income statement

Software development costs are written off over four years which is deemed to be an accurate reflection of the useful economic life of the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred.

Licences, patents, trademarks and copyright

Costs associated with licences, patents, trademarks, copyright etc. are capitalised as incurred and are amortised over the expected life of the asset of seven years or to another period if specified in the contract.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Taxation

Income tax expense represents the sum of the tax currently payable or receivable and deferred tax.

Research & Development (R&D) claims are made each year on the basis that the Company overcomes technological uncertainties. This work is carried out for the internal development of hardware and software in the Company's own products and services that it sells and also carries out this work on behalf of other companies. The internal development R&D claim results in a deduction that can be used to reduce tax payable or shown as a credit within current tax, at a reduced rate, as a cash tax credit. Where the Company performs the research and development on behalf of other companies a Research and Development Expenditure Credit (RDEC) is claimed whereby a credit is received within administration costs as reducing the costs to serve.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date unless the tax is adjusted regarding a previous period whereby the appropriate rate is used accordingly.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither the accounting nor taxable profit and;

- investments in subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Leases

For any new contracts entered into the Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

If the carrying amount of the right of use asset is adjusted to zero, any further reduction is recognised in profit or loss.

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

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.

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.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities in the statement of financial position.

Holiday pay provision

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 costs of the future holiday entitlement and so accrued at the balance sheet date.

Government grants

A government grant is recognised only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised net against the costs that they are intended to compensate.

Critical accounting estimates and judgement

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimate – cash forecasts used for value in use of cash-generating units and going concern review

The Company tests annually whether intangible and tangible assets have suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations derived from cash forecasts. These calculations require the use of estimates including forecasts from formally approved cash projections to April 2025. Management uses judgement to estimate the extent and timing of future cashflows.

Estimate – value of recognised deferred tax relating to losses

The Company tests the recoverability of tax losses based on recent results combined with management's projections. Management reviews profitability over a period of five years and assesses the utilisation of tax losses prior to being in a position of tax paying. Management uses judgement to estimate the quantum of taxable losses that will be utilised and recognises a deferred tax asset as appropriate. See note 6.

Judgement – development costs

Development costs on internally developed products are capitalised if it can be demonstrated that the expenditure meets the criteria set out above on page 19. These costs are amortised over the period that the Company expects to benefit from selling the products developed. The judgements concerning compliance with the above criteria and the expected useful life of these assets are made using the historical, commercial and technical experience of senior members of the management team.

2 Turnover

The turnover attributable to the different classes of the Company's business are:

	2021	2020
	£	£
Product sales	11,747,769	12,234,910
Support services and SaaS Contracts	247,003	424,762
	11,994,771	12,659,672

The analysis of turnover by geographical area is as follows:

	2021	2020
	£	£
United Kingdom	3,470,847	4,509,281
Europe	1,948,523	1,801,205
USA	6,531,140	5,766,601
Rest of the World	44,261	582,585
	11,994,771	12,659,672

3 Operating loss

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

		Note	2021	2020
			£	£
Auditors' remuneration	- audit fees		16,500	16,500
	- tax services		5,050	6,240
Depreciation of tangible fixed assets – owned		9	64,097	80,755
Depreciation of right of use assets		9	202,896	221,760
Amortisation of development costs		8	488,131	400,258
Amortisation of patents and trademarks		8	6,387	5,899
Group management charge			1,001,350	1,000,000
Foreign exchange (gain)/loss			231,104	(56,434)

4 Directors' emoluments

	2021	2020
	£	£
Directors' emoluments consist of:		
Aggregate emoluments	555,666	452,129
	555,666	452,129
Emoluments of the highest paid director	292,282	242,290

There were two directors in the Company's defined contribution pension scheme during the year (2020: 2). Company contributions to the defined contribution pension scheme for the highest paid director amounted to £5,014 (2020: £46,254).

5 Employees

	2021 Number	2020 Number
The average number of employees, including directors, during the year was:		
Office and management	24	23
Technical and cost of sales	14	14
Research and development staff	17	18
	55	55

Staff costs for the above persons were: -

	2021	2020
Wages and salaries	2,835,344	3,200,458
Social security costs	356,434	366,074
Other pension costs	100,681	110,597
Redundancy costs (exceptional)	144,520	-
	3,436,979	3,677,129

Included in wages and salaries is the amount of £115,000 from furlough income (2020: £nil).

6 Taxation on (loss)/profit on ordinary activities

		2021 £	2020 £
UK Corporation tax			
Deferred tax charge/(credit)			
Origination and reversal of temporary differences	14	91,001	(343,882)
Total deferred tax charge/(credit)		91,001	(343,882)
Current tax			
Current tax credit on loss of the year		(261,001)	(128,899)
Adjustment in respect of previous periods		-	(482,800)
Current tax credit		(261,001)	(611,699)
Tax credit on (loss)/profit on ordinary activities		(170,000)	(955,581)

The tax credit assessed for the year is more than (2020: more than) UK standard rate of corporation tax in the UK.

The differences are explained below.

	2021	2020
	£	£
(Loss)/profit on ordinary activities before taxation	(269,054)	552,004
(Loss)/profit on ordinary activities before tax at the standard rate of corporation tax of 19% (2020:19%)	(51,120)	104,881
Effects of:		
Expenses not deductible for tax purposes	797	13,338
Research and development allowance	(210,678)	(176,000)
Deferred tax asset previously unrecognised	-	(415,000)
Deferred tax temporary timing differences	91,001	-
Adjustment to tax charge in respect of prior years	-	(482,800)
Total tax credit for year	(170,000)	(955,581)

Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19 per cent. (2020: 19 per cent.) The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023 and was substantively enacted in May 2021. As this rate had not been substantively enacted at the balance sheet date, as result deferred tax balances as at 30 April 2021 continue to be measured at 19%. If the deferred tax rate were to reverse at the substantively enacted rate, the impact on the deferred tax balance would be £17,000.

Deferred tax assets have been recognised in respect of all temporary timing differences giving rise to deferred tax assets if it is probable that these assets will be recovered. The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets have been recognised in respect of available losses which are expected to be matched against future trading profits. Management reviews the estimate mid-year and assesses whether latest projections impact the level of recognised deferred tax. Management allow for fluctuation in projections and apply a level of cautiousness to recognition so that it allows for profit fluctuations.

7 Investments in subsidiaries

	£
Cost	
At 30 April 2020 and 2021	1,277,725
Provision against cost of investment	
At 30 April 2020 and 2021	345,456
Net book value 30 April 2020 and 2021	932,269

The Company owns 100% of the ordinary share capital of Newmark Technology Limited, a company registered in England and Wales and 100% of the share capital of Grosvenor Technology LLC registered in USA.

8 Intangible fixed assets

	Development costs £	Patents trademarks £	Total £
Cost			
At 1 May 2020	5,803,965	48,451	5,852,416
Additions	755,970	13,285	769,255
At 30 April 2021	6,559,935	61,736	6,621,671
Amortisation			
At 1 May 2020	(3,346,297)	(16,793)	(3,363,090)
Charge for the year	(488,131)	(6,387)	(494,518)
At 30 April 2021	(3,834,428)	(23,180)	(3,857,608)
Net book value			
At 30 April 2021	2,725,507	38,556	2,764,063
At 30 April 2020	2,457,668	31,658	2,489,326

9 Tangible fixed assets

	Right of use land and buildings	Right of use plant, machinery and motor vehicles	Leasehold improvements	Plant and machinery	Fixtures and fittings
	£	£	£	£	£
Cost					
At 1 May 2020	814,081	184,078	226,831	78,441	864,541
Additions	-	39,359	-	-	16,760
Lease modification	(283,000)	-	-	-	-
Disposals	-	(51,332)	-	-	-
At 30 April 2021	531,081	172,105	226,831	78,441	881,301
Depreciation					
At 1 May 2020	(364,069)	(100,549)	(181,909)	(77,346)	(760,371)
Charge for the year	(154,420)	(45,476)	(9,865)	(516)	(53,716)
Lease modification	160,000	-	-	-	-
Disposals	-	51,332	-	-	-
At 30 April 2021	(361,489)	(94,693)	(191,774)	(77,862)	(814,087)
Net book value					
At 30 April 2021	169,592	77,412	35,056	579	67,214
At 30 April 2020	450,012	83,529	44,922	1,095	104,170

10 Stocks

	2021 £'000	2020 £'000
Finished goods and goods for resale	840,712	694,508
Raw materials and components	1,211,166	918,755
	2,051,878	**1,613,263**

There is no material difference between the replacement cost of stocks and the amounts stated above. The amount of inventories consumed in the year was £2,544,706 (2020: £3,079,930). The amount of inventory provision movement credited to the income statement in the year was £10,000 (2020: charge of £12,575). Provisions of £65,000 (£75,000) are allocated to finished goods and goods for resale.

11 Debtors

	2021 £	Restated 2020 £
Trade debtors	939,866	949,309
Prepayments & accrued income	484,277	194,177
VAT	313,459	199,237
Corporation tax recoverable	487,792	686,699
Amounts due to group undertakings	1,852,216	1,476,794
Other debtors	90,423	10,210
	4,168,033	3,516,426

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

12 Creditors: amounts falling due within one year

	2021 £	Restated 2020 £
Trade creditors	1,414,103	859,324
Amount due to group undertakings	5,068,431	4,221,498
Other taxation and social security	86,292	203,039
Accruals and deferred income	366,291	351,398
Holiday pay provision and sundry creditors	37,050	27,742
	6,972,167	5,663,001

All deferred income brought forward in 2021 and 2020 has been fully recognised in the current year.

The debtor and creditor balances have been represented in the current year to correct the presentation of amounts due to and from group undertakings, which were previously presented net in error. The amounts due from group undertakings has been corrected from nil to £1,476,794, with amounts due to group increased by the same amount.

13 Short term borrowings

		2021	2020
		£	£
Invoice discount account		272	705,768
Lease liabilities	(Note 15)	184,690	221,165
		184,962	926,933

The invoice discount account is secured by a debenture on the assets of the Company and a corporate guarantee and indemnity from the parent company and fellow subsidiary.

14 Provision for deferred tax

Deferred tax has been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that those assets will be recovered in the foreseeable future.

The financial statements do not recognise a potential deferred tax asset relating to unused tax losses of £177,859 (2020: £177,839) due to uncertainty over recoverability.

	£
Asset as at 30 April 2020	146,118
Charge to the statement of comprehensive income	(91,001)
	55,117
Deferred tax asset at 30 April 2021	581,797
Deferred tax liability at 30 April 2021	(526,680)
	55,117

	2021	2020
	£	£
Research and development allowance	(526,680)	(446,658)
Losses carried forward	551,000	554,785
Fixed assets	30,797	37,991
	55,117	146,118

15 Leases

The Company's leases are as follows:

	2021 £'000	2020 £'000
Balance as at 1 May	(557,200)	(722,061)
Lease modifications	123,000	-
Additions	(40,600)	(41,911)
Interest payments	15,374	25,020
Interest expense	(15,374)	(25,020)
Lease payments	216,721	206,772
Balance as at 30 April	**(258,079)**	**(557,200)**

The lease modification in 2021 reflects the exercising of a break clause, where the lease was previously measured to the lease end date two years later.

The leases are split:

	2021 £'000	2020 £'000
Less than one year	(184,690)	(221,165)
Greater than one year	(73,389)	(336,035)
	(258,079)	**(557,200)**

The total cash outflow during the year was £218,667 (2020: 231,792).

The Company mainly enters into leases for properties and vehicles. In the assessment of the right of use asset valuation management considers available extension and termination options and applies the most likely contract end date that will be utilised.

The Lease liability repayment profile is shown below:

	2021 £'000	2020 £'000
Less than one year	199,510	232,223
1-2 years	62,699	194,556
2-3 years	8,525	110,471
3-4 years	1,238	31,416
	271,972	**568,666**

15 Leases *(continued)*

The nature of the right of use assets contracts are described below:

	No of right of use assets leased	Range of remaining term	Average remaining lease term	Termination options
Office Building	2	2-3 years	2-3 years	2
Vehicles	8	0 to 4 years	1-3 years	

None of the leases have extension options, options to purchase or variable payments.

16 Pension and similar obligations

The Company operates a defined contribution pension scheme open to all employees. The scheme's assets are held separately from those of the Company in an independently administered fund. Both the Company and the employees make contributions to the fund.

The pension creditor at 30 April 2021 was £17,000 (2020: £19,000).

The contributions made by the Company to the scheme during the period were as follows:

	2021	2020
	£	£
Defined contribution pension scheme	100,681	110,507

17 Share capital

	Authorised, allotted, called up, and fully paid	
	2021	2020
	£	£
16,667 (2020: 16,667) Ordinary shares of £1 each	16,667	16,667

18 Reserves

The share premium account represents the excess of the market value of shares issued over the nominal value of those shares, less expenses of the issues.

The profit and loss account represent the cumulative amount of retained profits/losses each year.

Other reserves represent a capital redemption reserve reflecting a historic share repurchase.

19 Ultimate parent company

As at 30 April 2021 the Directors regard Newmark Security PLC as the immediate and ultimate parent undertaking, a company registered in England and Wales which is the parent of both the smallest and largest groups of which the Company is a member and for which consolidated financial statements are prepared. Copies of the parent company's consolidated financial statements may be obtained from 91 Wimpole Street, London, W1G 0EF.

None of the leases have extension options, options to purchase or variable payments.

20 Subsequent events

Post the balance sheet date the Company has amended its financing facilities. In December 2021 the Company negotiated with its bankers, HSBC, an increase in the headroom on its invoice discounting facility from £800,000 to £1,100,000.