

**EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**PAGES FOR FILING WITH REGISTRAR**



# **EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED**

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# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	5		244,643		269,968
<b>Current assets</b>					
Stocks		567,308		309,780	
Debtors	6	3,731,683		3,569,936	
Cash at bank and in hand		162,238		206,415	
		<u>4,461,229</u>		<u>4,086,131</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(2,692,469)</u>		<u>(2,575,127)</u>	
<b>Net current assets</b>			1,768,760		1,511,004
<b>Total assets less current liabilities</b>			2,013,403		1,780,972
<b>Creditors: amounts falling due after more than one year</b>	8		-		(5,497)
<b>Provisions for liabilities</b>			(26,620)		(25,706)
<b>Net assets</b>			<u>1,986,783</u>		<u>1,749,769</u>
<b>Capital and reserves</b>					
Called up share capital	9		10,000		10,000
Profit and loss reserves			1,976,783		1,739,769
<b>Total equity</b>			<u>1,986,783</u>		<u>1,749,769</u>

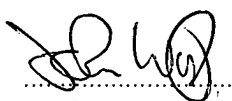
The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 8-11-19 and are signed on its behalf by:



R. Lambert  
Director



J. Wust  
Director

Company Registration No. 03154040

# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2019**

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### **1 Accounting policies**

#### **Company information**

Evolution (Electronic Security Systems) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Stag Place, Wooburn Town, Wooburn Green, Buckinghamshire, HP10 0TT.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. The company continues to operate within its current banking facilities. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **1.3 Turnover**

Turnover comprises the value of sales, excluding VAT and similar taxes and trade discounts, of goods and services supplied to customers during the year, in the normal course of business.

Maintenance income is apportioned so that 40% is taken in the first month of the agreement to cover set up costs, with the remainder accrued over the balance of the agreement period.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. When it is probable that total cost will exceed revenue, the expected loss is recognised immediately.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% straight line
Plant and machinery	25% straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% straight line

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work in Progress is calculated based on the deferral of the costs of each contract with reference to the stage of completion.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

The company contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.12 Share-based payments

On 20 July 2016 and 13 January 2017, the company issued equity share based payments to certain employees. Equity settled share based payments are measured at their fair value. The fair value is expensed over the vesting period, based on the estimate of when the share options will vest with a corresponding increase in equity. As explained in note 4, no charge was made to the profit and loss reserve in respect of the above during the year.

# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

#### Critical judgements

The directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and judgements are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Deferred income

Revenue on contracts is recognised on the basis of the level of completion of the contract. The percentage completed each month is established in conjunction with the project manager and directors.

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 81 (2018 - 76).

### 4 Share-based payment transactions

On 20 July 2016, the Company adopted an Enterprise Management Incentive share option scheme (EMI Scheme), and granted new options of 5 shares in Evolution Europe Limited, the Company's immediate and ultimate parent, to one of its directors. The exercise price was £2,200 per share, and the options expire on 19 July 2026 (10 years from grant date).

On 13 January 2017, the Company granted new options of 2 shares in Evolution Europe Limited, the Company's immediate and ultimate parent, to one of its directors. The exercise price was £2,200 per share, and the options expire on 12 January 2027 (10 years from grant date).

The options can only be exercised on the sale of at least 75% of the current share capital of Evolution Europe Limited. In the opinion of the directors, such an event is not deemed probable and therefore no expense is recognised. The total charge for the year relating to share-based payment plans was £nil, all of which relates to equity settled share based transactions. After deferred tax the total charge was £nil.

The total number of share options outstanding at the year end amounted to 7 (2018: 7).

# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 April 2018	87,614	705,539	793,153
Additions	13,737	90,952	104,689
Disposals	-	(141,696)	(141,696)
At 31 March 2019	101,351	654,795	756,146
<b>Depreciation and impairment</b>			
At 1 April 2018	84,776	438,408	523,184
Depreciation charged in the year	2,688	122,744	125,432
Eliminated in respect of disposals	-	(137,113)	(137,113)
At 31 March 2019	87,464	424,039	511,503
<b>Carrying amount</b>			
At 31 March 2019	13,887	230,756	244,643
At 31 March 2018	2,837	267,131	269,968

The net book value of other tangible fixed assets includes £1,854 (2018: £6,303) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £4,449 (2018: £4,449) for the year.

### 6 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,354,314	3,062,999
Amounts owed by group undertakings	619,362	34,062
Other debtors	758,007	472,875
	3,731,683	3,569,936



# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,007,313	1,029,506
Amounts due to group undertakings	84,561	-
Corporation tax	94,002	177,272
Other taxation and social security	388,240	306,006
Other creditors	1,118,353	1,062,343
	<u>2,692,469</u>	<u>2,575,127</u>

The hire purchase contracts included in the other creditors amounting to £5,559 (2018: £2,443) are secured against the assets to which they pertain.

The company has granted an unlimited multilateral guarantee over a loan given to a related company, RLJW Holdings Limited, including a fixed charge over all present freehold and leasehold property. The amount outstanding on the loan at 31 March 2019 is £1,082,112.

### 8 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	-	5,497
	<u>-</u>	<u>5,497</u>

The hire purchase contracts included in creditors falling due after more than one year of £nil (2018: £5,497) are secured against the assets to which they pertain.

### 9 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,000 ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

### 10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Leighton Bower.

The auditor was Rouse Audit LLP.

# EVOLUTION (ELECTRONIC SECURITY SYSTEMS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 11 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019	2018
£	£
647,435	428,031
<u>647,435</u>	<u>428,031</u>

### 12 Directors' transactions

During the year, there were advances to the directors totalling £177,829 (2018: £nil) and repayments of £954 (2018: £nil). The amounts owed by the directors at the year end totalled £177,829 (2018: £954).

The above balance is unsecured and repayable on demand. Interest is accruing on this balance.

### 13 Parent company

The company is a wholly owned subsidiary of Evolution Europe Limited, which is the parent company of the smallest group for which consolidated accounts are prepared. The parent's registered office is 55 Station Road, Beaconsfield, HP9 1QL.