Parent Co accounts of Omniperception Ltd Co#04196519 - note p.40.

REGISTERED NUMBER: 10900066 (England and Wales)

Report of the Directors and

Financial Statements for the year ended 31 March 2020

for

Project Gateway Topco Limited

Contents of the Financial Statements
For the period ended 31 March 2020

Company Information

for the year ended 31 March 2020

DIRECTORS:	Zak Doffman Crevan O'Grady Stuart Purves Marco Sodi Neville Davis
REGISTERED OFFICE:	Milton Gate 60 Chiswell Street London United Kingdom EC1Y 4AG
REGISTERED NUMBER:	10900066 (England and Wales)
INDEPENDENT AUDITORS:	BDO LLP 55 Baker Street London United Kingdom W1U 7EU

Strategic Report

for the year ended 31 March 2020

The directors present their Strategic Report of Project Gateway Topco Limited for the year ended 31 March 2020.

Financial Review

Project Gateway Topco Limited consolidates the group of companies operating under the trading name "Digital Barriers" (hereafter "the Group" or "Digital Barriers"), which provides software solutions and cloud services to manage, capture, analyse and stream live video, enabling actionable intelligence to be delivered where it's needed, when it's needed.

For the year ending 31 March 2020, the Group achieved Adjusted EBITDA profit (which includes amongst other: earnings before interest, tax, depreciation, amortisation, acquisition costs, re-organisation costs, exceptional inventory write-down, impairment and exchange gains/losses) of £1.0 million on revenues of £21.8 million (year ended 31 March 2019: £1.4 million on revenues of £28.8 million). The operating loss was £1.9 million (31 March 2019: loss of £1.3 million).

Management uses Adjusted EBITDA as its key measure of profitability. The majority of costs between Adjusted EBITDA and statutory operating loss relate to the amortisation of intangible assets recognised on acquisition of the business in October 2017, which management do not consider a true cost to the business (ie, amortisation of intellectual property and customer relationships), and a further write down of inventory that had originally been acquired and valued at the transaction of the sale of the business from Thruvision Plc.

During the year the business achieved similar revenue to the prior year (2020 & 2019: £21.8 million) in core organic "Videotech" revenue, and a 20% increase in core "Videotech" adjusted EBITDA (£1.0m in 2020 up from £0.8m in 2019). This was despite the negative impact of COVID-19 on sales and revenue in the final quarter of the year, during which Government lockdowns affected both sales in key markets (eg, the UK and the Philippines) and severely disrupted our supply chain, preventing delivering of secured sales. Gross margin for the Group improved on last year (up 15%) as a result of the Brimtek re-sale business unit having ceased, which attracted only very low margins.

During the year, the Group made considerable steps in investing for future growth through its Channel business with strategic agreements put in place with global customers that will further broaden the commerciality of the group away from the less secure military customer base that the group had historically relied upon. This included launching our Bodyworn and Digital Buildings solutions with Vodafone.

As such, despite a disappointing end to the year the Group has demonstrated its resilience, maintaining profitability and growth in core Videotech Adjusted EBITDA despite the unprecedented environment. The board would like to thank our customers, partners and above all our hardworking and dedicated staff for helping the business maintain this milestone.

COVID-19

Along with most businesses in the world, the COVID-19 pandemic has had an impact on the Group. Quarantines across the world have resulted in the majority of employees working from home which thankfully has not had a noticeable reduction in productivity as the Group were sufficiently resourced for remote working, albeit with many borders closed – there was some delay experienced in sourcing some components we needed for our customers.

The Group has developed a new product 'Elevated temperature screening' device, which is a non-invasive way to detect individuals with elevated body temperature, a key indicator of an underlying health condition and a symptom of COVID-19. Based on Q1 sales after the balance sheet date, the new product has resulted in the strongest Q1 sales of the group in its history, and despite the cash flow challenges arising from the strong sales and long lead-time, this has put the group in a stronger position than pre-COVID-19. Off the back of the strong sales achieved, our revolving credit facility was extended by a further £2 million to £6 million by Silicon Valley Bank, to whom the business remains grateful for their continued support.

The long-term impact of the COVID-19 on the global economy is yet to be understood on future sales from new and existing customers, however the Group is has shown that it can adapt quickly and provide solutions to our customers through our advanced technology.

Strategic Report (continued)
for the year ended 31 March 2020

	2020 £'000	2019 £'000
Operating loss	**(1,857)**	**(1,279)**
Add back:		
Depreciation and amortisation	**1,806**	**2,451**
EBITDA	**(51)**	**1,172**
Add back:		
Impairment of intangible assets	-	284
Acquisition related costs	17	107
Reorganisation costs	88	51
Loss on disposals	39	-
Inventory write-down	900	-
Exchange gain	(10)	(262)
Adjusted EBITDA	**983**	**1,352**
Of which:		
Videotech (core)	*983*	*822*
Brimtek resales (non-core)	*-*	*530*

The Group has seen a sustained improvement since the Management Buy-out in 2017, making significant progress in our key initiatives:

- **Strategic refocus:** the business remains focused on selling our core product set into customers, where our unique Intellectual Property gives us a significant advantage over our competitors, predominantly in the fields of live-streaming Bodyworn, vehicle solutions, Safe City deployments and wide-area surveillance. Accordingly, our low-margin Brimtek re-sale business has now ceased in the year.
- **Re-investment:** Following the overhead right-sizing program actioned during FY18 and FY19, the business has started to re-invest for growth into our Engineering and Sales functions to support our growing number of partnerships.
- **Operational improvement:** management is driving continuous process improvement, focusing on driving efficiency and improved quality through technology and standardising processes.
- **Performance-led culture:** the performance-led commission and bonus scheme introduced in FY18 has driven improvement in the business, with sales staff motivated to sell the right products to the right customers at the right margin.
- **Cash focus:** the business continued to decrease its inventory balance by buying most products to order, reducing it by a further £1.4 million in the year (in part due to an inventory write-down of £0.9 million of partially provided for inventory that had existed at acquisition). However, our trade debtor balance continues to be at a high level, with three customers representing 77% of the balance. To support the working capital requirements of such growth, we further increased our existing £4m Revolving Credit Facility with Silicon Valley Bank, by £2m post year end.

Management is confident of maintaining profitability on an EBITDA sustainable long-term basis, while driving significant growth in our core product offering.

Although the performance of the "Videotech" business has remained strong, we note that the unpredictable sales cycles of government customers (in particular in the UK and US) remain a challenge to the business, and sustaining the current level of growth through direct sales to such customers will become increasingly difficult. Accordingly, management has established/developed a number of partnerships with global leaders including Vodafone (via our Tomorrow Street partnership), Fujitsu, Capita, Accenture, Airbus, Inmarsat, Deutsche Bahn and Intel. These greatly increase the scale of the market we are able to serve with our technology, and accelerate a move toward a higher proportion of license income and recurring revenue streams. In Q4 of FY20, we started to see the impact of the increasing orders being placed by these global partnerships which has continued into FY21 despite the global pandemic.

Strategic Report (continued)

for the year ended 31 March 2020

Business Units

The group operates two business units: Videotech and Brimtek re-sale:

	Videotech Business 2020 £'000	**Brimtek re-sale 2020 £'000**	**TOTAL 2020 £'000**	Videotech Business 2019 £'000	Brimtek re-sale 2019 £'000	TOTAL 2019 £'000
Revenue	**21,749**	**88**	**21,837**	21,764	7,045	28,809
Adjusted EBITDA	**983**	**-**	**983**	822	530	1,352
Segmental operating (loss) /profit	**(1,867)**	**-**	**(1,867)**	(1,791)	250	(1,541)
Exchange gains/(losses)			**10**			262
Total operating loss			**(1,857)**			(1,279)

Videotech business unit

	2020 £'000	**2019 £'000**
Revenue	**21,749**	**21,764**
Adjusted EBITDA	**983**	**822**

This is the core business unit of Digital Barriers, comprising the development and sale of its core proprietary technology, including low bandwidth video streaming products ("Edgevis"), facial recognition and video analytics software (together with complementary third-party equipment, such as cameras).

Revenue for the period was £21.7 million generating £1.0 million of adjusted EBITDA and an operating loss of £1.9 million (31 March 2019: £21.8 million, £0.8 million of adjusted EBITDA, and an operating loss of £1.8 million). This represents a 20% improvement on the segmental adjusted EBITDA year-on-year.

Brimtek re-sale business unit

	2020 £'000	**2019 £'000**
Revenue	**88**	**7,045**
Adjusted EBITDA	**-**	**530**

The Brimtek re-sale business unit re-sells third party technology into US law enforcement customers under public procurement frameworks. Given the nature of the product sold, this business line attracts very low margins. Management had seen this business unit as non-strategic and distracting for the US sales force, and as such, the sales team was not incentivised on these low-margin resales. This business unit has now ceased.

Strategic Report (continued)

for the year ended 31 March 2020

Principle risks and uncertainties

The Directors believe the following risks to be the most significant for the Group and Parent Company. However, the risks listed below do not necessarily comprise all those associated with the Group and the Parent Company, as the performance may also be affected by changes in market, political or economic conditions, and in legal regulatory and tax requirements.

1. Dependence upon key intellectual property

The Company's success depends in part on its ability to protect its rights in its intellectual property. It may be possible for third parties to obtain and use the Group's intellectual property without the Group's authorisation and as such the Company may become involved in litigation which could be costly and time consuming.

2. Competition

The Group has experienced, and expects to continue to experience, competition from a number of companies. This competition may take the form of new products and services that better meet industry needs and competitors who respond more quickly to client requirements. In addition, competitors may have greater financial or technical resources than the Group.

3. Availability of capital and cash flow

In order to enable the Group to progress through further stages of development it may be desirable for the Company to raise additional capital by way of long-term bank debt or shorter-term working capital facilities. The availability of long or short-term bank debt will depend on progress with stated strategy and trading prospects.

4. Key management

The Group depends on the founding Directors and other senior managers with specific sector and industry knowledge, and on the recruitment and retention of the services of its key technical, sales, marketing and management personnel, both in the UK and overseas. Competition for such personnel can be intense, and the Group cannot give assurances that it will be able to attract or retain such staff.

5. Delivery

The reputation of the Group depends on effective and timely delivery of its products and services to clients. Technology failure and/or failure to deliver promised services in a timely and efficient manner in accordance with the contract terms could have a significant impact on the reputation and hence future growth of the Group.

6. Government spending

A significant portion of the Group's revenues are generated from UK and other international central government agencies. Continued pressures on Government spending within certain territories may materially and adversely affect the Group's business, operating results or financial condition.

7. Claims by third parties

While the Directors believe that the Group's products and other intellectual property do not infringe upon the proprietary rights of third parties, there can be no assurance that the Group will not receive infringement claims from third parties which could be both costly and time consuming.

8. System failures and breaches of security

The successful operation of the Group's business depends upon maintaining the integrity of the Group's computer, communication and information technology systems which are vulnerable to damage, breakdown or interruption from events which are beyond the Group's control.

Strategic Report (continued)

for the year ended 31 March 2020

Principle risks and uncertainties (continued)

9. Credit risk

The Group's credit risk is primarily attributable to its receivable balances from customers. Before accepting a new customer, the Group uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

10. Impact of Brexit

The lack of clarity of the detail, timing and impact of Brexit implications bears an increased risk of supplies into the UK and further exchange rate volatility. As a Group we continue to monitor developments in the trade negotiations in import/export duties.

11. COVID-19

Along with most businesses in the world, COVID-19 pandemic continues to have an impact on the Group. Quarantines and local lockdowns result in employees needing to work from home and delays in suppliers delivering on our products, likely global recession may impact on future revenue and recoverability of debt, border restrictions may also delay delivery of solutions and generation of sales from building new customer relations.

This report was approved by the board on 11 September 2020 and signed on its behalf by:

Stuart Purves
Chief Financial Officer
15 September 2020

Directors' Report

for the year ended 31 March 2020

The Directors present their report together with the audited consolidated financial statements for Project Gateway Topco Limited (the 'Company') and its subsidiaries (together referred to as the 'Group') for the year *ended 31 March 2020.*

Results and dividends

The results of the year ended 31 March 2020 are disclosed on page 11 and show a loss after taxation of £5.7 million (31 March 2019 loss: £4.4 million). No dividends have been paid or proposed in the period.

Going concern

The board has carefully considered those factors likely to affect the Group's performance and its ability to operate within its current and foreseeable financial resources.

The board has assessed these risks in light of the most up to date performance of the business and is confident that the business will continue to trade profitably. In addition, the board is confident that it can access sufficient capital to fund the continued growth of the business, either through third party finance or through the support of Volpi Capital.

Given the above, the Board confirms that it has a reasonable expectation that the Group will continue as a going concern. Therefore, these financial statements have been prepared on this basis and do not contain any adjustments that would result if the Group was unable to continue as a going concern. Further information on the impact on going concern due to COVID-19 has been made in note 1.

Directors

The directors who held office during the year are:

Neville Davis

Zak Doffman

Crevan O'Grady

Stuart Purves

Marco Sodi

Directors' and officers indemnities and insurance

The Company maintains liability insurance for its Directors and Officers. The Directors and Officers have also been granted a qualifying third-party indemnity provision under the Companies Act 2006.

That indemnity provision has been in force throughout the period and remains in force at the date of this report.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director, in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP have expressed their willingness to continue as auditors to the Company.

On behalf of the board:

Stuart Purves – Chief Financial Officer

Date: 15 September 2020

Directors' Responsibilities Statement

for the year ended 31 March 2020

The Directors are responsible for preparing the Annual 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law, and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group accounts have been prepared in accordance with IFRSs as adopted by the European Union, and whether the applicable UK Accounting Standards have been followed for the Company, 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.

Independent auditor's report to the members of Project Gateway Topco Limited for the year ended 31 March 2020

Opinion

We have audited the financial statements of Project Gateway Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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 Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and the Parent 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 Group or Parent 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.

Independent auditor's report to the members of Project Gateway Topco Limited for the year ended 31 March 2020 (continued)

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 report 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Group's and the Parent 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 Group or the Parent 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 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

David Butcher (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
15 September 2020

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

Consolidated income statement

for the year ended 31 March 2020

	Notes	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Continuing operations			
Revenue	2	**21,837**	28,809
Cost of sales		**(8,620)**	(15,755)
Gross profit		**13,217**	13,054
Depreciation	7	**(683)**	(791)
Amortisation	9	**(1,123)**	(1,660)
Other administration costs		**(13,268)**	(11,775)
Administration costs		**(15,074)**	(14,226)
Other costs		**-**	(107)
Operating loss	3	**(1,857)**	(1,279)
Finance income		**-**	4
Finance costs	5	**(3,905)**	(3,299)
Loss before tax		**(5,762)**	(4,574)
Income tax	6	**73**	165
Loss after tax attributable to owners of the parent		**(5,689)**	(4,409)

The notes on pages 16 to 40 form part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Loss for the year	**(5,689)**	(4,409)
Other comprehensive income		
Exchange differences on retranslation of foreign operations	**77**	70
Net other comprehensive income	**77**	70
Total comprehensive loss attributable to owners of the parent	**(5,612)**	(4,339)

The notes on pages 16 to 40 form part of these consolidated financial statements.

Consolidated statement of financial position

for the year ended 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	7	**1,507**	1,233
Goodwill	8	**9,623**	9,623
Other intangible assets	9	**7,304**	8,137
		18,434	18,993
Current assets			
Inventories	10	**1,358**	2,778
Trade and other receivables	11	**15,185**	15,073
Current tax recoverable		**358**	611
Cash and cash equivalents	15	**3,230**	1,892
		20,131	20,354
Total assets		**38,565**	39,347
Equity and liabilities			
Equity share capital	14	**25**	25
Share premium		**2,301**	2,301
Translation reserve		**165**	88
Retained earnings		**(11,829)**	(6,140)
Total equity		**(9,338)**	(3,726)
Non-current liabilities			
Financial liabilities	13	**35,292**	31,779
Leasehold liabilities	16	**754**	598
Provisions	17	**156**	105
		36,202	32,482
Current liabilities			
Trade and other payables	12	**7,180**	8,929
Financial liabilities	13	**3,880**	1,192
Leasehold liabilities	16	**523**	371
Provisions	17	**118**	99
		11,701	10,591
Total liabilities		**47,903**	43,073
Total equity and liabilities		**38,565**	39,347

The notes on pages 16 to 40 form part of these consolidated financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 11 September 2020.

They were signed on its behalf by:

Stuart Purves

Chief Financial Officer

Date: 15 September 2020

Company Number 10900066

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Share capital £'000	Share premium account £'000	Translation reserve £'000	Retained Earnings £'000	Total equity £'000
At 31 March 2018 restated	24	2,262	18	(1,731)	573
Shares issued	1	39	-	-	40
Loss for the year	-	-	-	(4,409)	(4,409)
Other comprehensive income	-	-	70	-	70
Total comprehensive gain/(loss)	-	-	70	(4,409)	(4,339)
At 31 March 2019	**25**	**2,301**	**88**	**(6,140)**	**(3,726)**
Loss for the year	-	-	-	(5,689)	(5,689)
Other comprehensive income	-	-	77	-	78
Total comprehensive gain/(loss)	-	-	77	(5,689)	(5,583)
At 31 March 2020	**25**	**2,301**	**165**	**(11,829)**	**(9,338)**

The notes on pages 16 to 40 form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2020

	Notes	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating activities			
Loss before tax		**(5,762)**	(4,574)
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment	7	**185**	252
Depreciation of right-of-use asset	7	**498**	539
Amortisation of intangible assets	9	**1,123**	1,660
Unrealised loss on foreign exchange		**82**	91
Research and development expenditure credit		**(181)**	(175)
Impairment of intangible assets	9	**-**	284
Disposal of property, plant and equipment and early termination of leases	7	**56**	108
Net finance costs		**3,905**	3,295
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		**252**	(5,883)
Decrease in inventories		**1,420**	1,023
(Decrease)/Increase in trade and other payables		**(1,974)**	509
Increase in deferred income		**225**	86
Increase/(decrease) in provisions		**70**	(262)
Cash utilised in operations		**(101)**	(3,047)
Interest paid		**(70)**	-
Tax received		**144**	79
Net cash flow utilised in operating activities		**(27)**	(2,968)
Investing activities			
Purchase of property, plant and equipment	7	**(186)**	(82)
Purchase of intangible assets	9	**(290)**	-
Contingent consideration paid	15	**(388)**	(182)
Net cash flow utilised in investing activities		**(864)**	(264)
Financing activities			
Proceeds from issue of shares	14	**-**	40
Repayment of obligations under leases	16	**(589)**	(590)
Revolving credit facility		**2,844**	838
Net cash flow from financing activities		**2,255**	288
Net increase/(decrease) in cash and cash equivalents		**1,364**	(2,944)
Opening net cash and cash equivalents		**1,892**	4,858
Effect of foreign exchange rate changes on cash and cash equivalents		**(26)**	(22)
Net cash and cash equivalents at end of period		**3,230**	1,892

The notes on pages 16 to 40 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 March 2020 and applied in accordance with the Companies Act 2006.

The Financial Statements were authorised for issue by the Board of Directors on 11 September 2020 and the Statement of Financial Position was signed on the Board's behalf by Stuart Purves.

All values are rounded to £'000 except where otherwise stated.

The Company is a private limited company incorporated and domiciled in England and Wales.

The consolidated financial statements have been prepared on a historical cost basis, except:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Going concern

The board has carefully considered those factors likely to affect the Group's performance and ability to operate within its current and foreseeable financial resources.

The Board has assessed these risks in light of the most up to date performance of the business and is confident that the business will continue to trade profitably. In addition, the board is confident that it can access sufficient capital to fund the continued growth of the business, either through third party finance or through the support of Volpi Capital.

The directors' forecasts show that the current secured backlog resulting from COVID-19 would be alone sufficient to fund the Group for twelve months from the date of signing the financial statements. Given that such a scenario is the very worst possible downside, it is clear that trading does not pose a threat to liquidity. As such, the sensitivity analysis focused on the impact of realistic trading downsides on our bank covenants, impact of continued delay or a bad debt from our largest debtor, and mitigating actions to maintain going concern in each scenario.

In light of the uncertainty of the long term impact that the COVID-19 pandemic may have on the Group in the next twelve months, we have prudently assumed no further material sales of our successful 'Elevated temperature screening' device in our forecasts on the basis that we see this a windfall demand.

Given the above, the Board confirms that it has a reasonable expectation that the Group will continue as a going concern. Therefore, these financial statements have been prepared on this basis and do not contain any adjustments that would result if the Group was unable to continue as a going concern.

Accounting standards that are newly effective in the current year

The accounting standards which apply in preparing the financial statements for the year are set out below. These standards have been consistently applied to all periods presented in these consolidated financial statements:

- IFRIC 23 Uncertainty Over Income Tax Treatments.

There are no material uncertainties over the Group's income tax treatments under IAS 12 'Income Taxes' hence no impact on the Group's financial statements is expected in relation to this interpretation

Notes to the consolidated financial statements

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements for the year include those of Project Gateway Topco Limited and its subsidiary undertakings (together 'the Group') drawn up at 31 March 2020.

Subsidiary undertakings are those entities controlled directly or indirectly by the Company. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries are consolidated using the Group's accounting policies. Business combinations are accounted for using the acquisition method of accounting. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income is re-presented as if the operation had been discontinued from the start of the comparative period.

Critical accounting estimates and judgements

In preparing the consolidated financial statements, management makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The critical judgements and estimates made in preparing the consolidated financial statements are detailed below. These judgements and estimates involve assumptions in respect of future events which can vary from what is anticipated.

Revenue and profit recognition

Contracts are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Revenue and profits are recognised as, and when, identifiable performance obligations are met. Determining the performance obligations, contract price and relevant allocation, for some contracts, may require management to exercise judgement. Estimates and judgements are continually reviewed and updated as determined by events or circumstances.

Valuation of intangible assets

In accordance with IFRS 3 'Business Combinations' goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification of other intangible assets acquired. The method used to value intangible assets is the 'Income Approach' which requires the use of a number of estimates. These might include revenue and margin projections and assessments of likelihood of contract renewal which may differ from actual outcomes. The useful economic life of other intangibles also requires the use of estimates which may differ from actual outcomes. Details of other intangibles are disclosed in note 9, including details of the carrying amounts and remaining useful economic lives of individually material assets.

Impairment of intangible assets

The Group assesses annually whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the cash-generating units (CGUs) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset, or group of assets, exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the consolidated financial statements

1. Accounting policies (continued)

The determination of whether or not goodwill has been impaired requires an estimate to be made of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation includes estimates about the future financial performance of the CGUs, including management's estimates of long-term operating margins and long-term growth rates. This calculation is performed annually each year and compared with the recoverable amount to determine impairment. The testing is only re-performed if an impairment triggering event occurs in the intervening period.

The calculation of value in use of the aggregate cash-generating units to which goodwill has been allocated, includes an estimate of the short-term (up to year three) and long-term (beyond year three up to five years) growth rate of the CGUs, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The carrying amount of goodwill and the key assumptions used in the calculation of value in use of the CGUs is disclosed in note 8. The carrying amount of other intangible assets is disclosed in note 9.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Payments made that are contingent on the vendors continuing to be employed by the Group are treated as remuneration and recognised within the administration cost line in the income statement. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in the income statement. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

a) Intangible assets

In accordance with IFRS 3 'Business Combinations', goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification of other intangible assets acquired. The method used to value intangible assets is the 'Income Approach'. The Income Approach indicates the fair value of an asset based on the value of the cash flows that the asset might reasonably be expected to generate.

Notes to the consolidated financial statements

1. Accounting policies (continued)

b) Other intangible assets

Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition and amortised over their estimated useful economic life. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights. The estimated useful lives of the intangible assets are as follows:

- Customer relationships – one to fourteen years;
- Order backlog – one to two years;
- Intellectual property and Software – five years;
- Technology – one to twenty years;
- Patents – eight years;
- Trademarks – ten years; and
- Brand – twenty years.

Amortisation is charged to administration expenses in the consolidated income statement on a straight-line basis. Intangible assets, other than development costs, created within the business are not capitalised and expenditure thereon is charged to the income statement in the period in which the expenditure is incurred.

The carrying value of other intangible assets is reviewed for impairment when events or changes in circumstance indicate that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is estimated to be the higher of the other intangible assets fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets of groups of assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

Revenue

Revenue is presented as the gross amount billed to a customer where it is earned from revenue from the sale of goods or services as principal.

Revenue is recognised as follows:

- Revenue from the sale of products is recognised when the risks and rewards of ownership are transferred to the customer, which is usually at the point at which goods are delivered to the customer.
- Revenue from the sale of licences, extended warranty and support is recognised on a straight-line basis.
- Revenue derived from funded development and large programmes is recognised as milestone obligations are completed in full.

Accrued income

Accrued income represents revenue recognised to date less amounts invoiced to customers. Full provision is made for known or anticipated project losses.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Trade and other receivables

Trade receivables are recognised and measured at their original invoiced amount less provision for any uncollectible amounts. An estimate for doubtful debts is made using the ECL (expected credit loss) model which replaces the 'incurred loss' model in IAS 39. From 1 April 2018, the Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses using both quantitative and qualitative information and analysis based on the Group's historical experience and forward-looking information.

The assessment of impairment of trade receivables and accrued income from 1 April 2019 is in accordance with IFRS 9.

The Group recognises a loss allowance for expected credit losses ("ECL") on all receivable balances from customers subsequently measured at amortised cost, using the 'simplified approach' permitted under IFRS 9, as these do not contain a significant financing component. Certain receivables have been excluded from the model due to an agreement payment schedule which differs from the ordinary course of business.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument with the addition of known adjustments made off the back of the credit risk of each receivable.

A lifetime expected credit loss equal to the following has been applied on the remaining total receivables due:

- Not due: 0%
- Not more than six months past due: 0%
- More than six months past due: 66%

These expected credit loss amounts are reviewed on an ongoing basis.

Provisions

Provisions are recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation; discounting at a pre-tax discount rate when the time value of money is material. Onerous contract provisions are recognised for unavoidable costs of meeting the obligations under a contract that exceed the economic benefits expected to be received under it.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position's date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Notes to the consolidated financial statements

1. Accounting policies (continued)

The carrying amount of deferred income tax assets is reviewed at each statement of financial position's date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- The translation reserve represents the impact of currency translation on the foreign currency net investment in Digital Barriers SAS, Digital Barriers Inc, Brimtek Inc and other foreign subsidiaries;
- Other reserves represent the difference between the carrying value of the net assets acquired and shares issued in consideration on the pooling of interests transaction; and
- The profit and loss reserve represent the cumulative total profit or loss attributable to shareholders, excluding those items recognised in other reserves.

Research and development costs

Research expenditure is charged to the income statement in the year in which it is incurred.

Expenditure incurred in the development of software and hardware products for use or sale by the business, and their related intellectual property rights, is capitalised as an intangible asset only when:

- technical feasibility has been demonstrated;
- adequate technical, financial and other resources exist to complete the development, which the Group intends to complete and use;
- future economic benefits expected to arise are deemed probable; and
- the costs can be reliably measured.

Development costs not meeting these criteria are expensed in the income statement as incurred. When capitalised, development costs are amortised on a straight-line basis over their useful economic lives once the related software and hardware products are available to use. During the period of development, the asset is tested for impairment annually. Development costs with a value of £0.1m (2019: £nil) have been capitalised in the period.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for any long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repair and maintenance costs are recognised in profit or loss as incurred. Depreciation is charged on the following bases to reduce the cost of the Company's property, plant, and equipment to their residual values over their expected useful lives at the following rates:

- Leasehold improvements – 20% to 33% straight line;
- Office furniture and equipment – 20% straight line;
- Computer equipment – 33% straight line;
- Vehicles – 25% straight line;
- Demonstration stock – 20% to 50% straight line, and
- Right of Use – period of the lease.

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Inventories

Inventories are valued at the lower of cost and net realisable value on a first-in first-out basis. In the case of finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, an appropriate allowance is made for obsolete, slow-moving and defective inventories. In certain instances, inventory items are used for demonstration purposes. In this case the inventory item is classified as a fixed asset and depreciated in line with the Group depreciation policy.

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost.

Cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

Financial assets comprise trade and other receivables and cash and cash equivalents. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. All of the Group's cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Group's revenue streams are therefore initially measured at their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost. Cash and cash equivalents comprise cash in hand and are subject to an insignificant risk of changes in value.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Financial liabilities comprise trade payables, financing liabilities, bank borrowings and contingent consideration. These are measured at initial recognition at fair value and subsequently at amortised. Bank borrowings are stated at the amount of the net proceeds after deduction of transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement.

Amounts included in trade creditors are settled by the Group in accordance with each supplier's normal payment terms and payments continue to be classified within cash generated by operations. The Group does not receive any additional guarantees and does not pay any interest in relation to these amounts.

Foreign currency translation

The Group's consolidated financial statements are presented in Sterling, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position's date. All differences are taken to the income statement, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken to other comprehensive income until the disposal of the net investment, at which time they are reclassified from equity to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into Sterling at the rate of exchange ruling at the statement of financial position's date. Income and expenses are translated at weighted average exchange rates for the period where this is a reasonable approximation of the actual rates. Where weighted average exchange rates are not a reasonable approximation of the actual rates, the actual exchange rates at the date of the transaction are used. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Retirement benefits

The Group operates a Group defined contribution personal pension plan for certain employees. Pension costs are calculated annually and charged to the income statement as they arise.

Adoption of new and revised International Financial Reporting Standards

The Group's accounting policies have been prepared in accordance with IFRS effective as for its reporting date of 31 March 2020.

Standards Issued but not yet effective

There are no standards and interpretations that have been issued, but not yet effective, up to the date of issuance of the Group's financial statements.

Notes to the consolidated financial statements

2. Segmental revenue

Analysis of revenue by customer

The top five customers, by revenue for the year ended 31 March 2020 represented £8,470,000; £2,608,000; £791,000 £690,000 and £675,000 of Group turnover for the period (year ended 31 March 2019: £3,168,000; £2,459,000; £788,000; £729,000 and £714,000).

Other revenue information

The following table provides disclosure of the Group's continuing revenue analysed by geographical market based on the location of the customer.

	2020 £'000	2019 £'000
United States of America	**4,375**	10,051
Philippines	**8,604**	9,978
United Kingdom	**4,656**	4,339
Sweden	**1,345**	1,092
Singapore	**831**	1,313
Germany	**393**	487
Australia	**345**	396
Indonesia	**348**	226
Rest of World	**940**	927
	21,837	28,809

3. Group operating loss

The Group operating loss attributable to continuing operations is stated after charging/(crediting):

	2020 £'000	2019 £'000
Acquisition related costs	**17**	107
Research and development costs	**1,390**	1,591
Depreciation of property, plant and equipment, including right-of-use assets	**683**	791
Amortisation of intangible assets initially recognised on acquisition	**1,117**	1,638
Amortisation of other intangibles	**6**	22
Travel and subsistence	**894**	849
Loss/(gain) on disposal of property, plant and equipment	**39**	(108)
Inventory write-down	**900**	-
Reorganisation costs	**88**	51
RDEC Income	**(204)**	(130)
Exchange differences	**(10)**	(262)

Notes to the consolidated financial statements

3. Group operating loss (continued)

Auditors' remuneration

The following table shows an analysis of all fees payable to the Group's auditors:

	2020 £'000	2019 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the financial statements	**30**	26
Audit of the Company's subsidiaries	**94**	95
	124	121
Non-audit services		
Tax compliance services	-	-
	-	-

4. Employees

	At 31 March 2020	At 31 March 2019
Continuing operations	**124**	105

The average number of employees during the period and the number at the end of the period were as follows:

	Average 2020	At 31 March 2020	Average 2019	At 31 March 2019
Directors	**3**	**3**	3	3
Business units	**97**	**107**	96	89
Corporate	**14**	**14**	13	13
	114	**124**	112	105

The employee benefit expense for the period amounted to:

	2020 £'000	2019 £'000
Salaries and short-term employee benefits	**7,699**	7,184
Social security costs	**1,036**	1,025
Pension costs	**236**	167
	8,971	8,376

Notes to the consolidated financial statements

5. Finance costs

	2020 £'000	2019 £'000
Volpi loan notes – 11%	**2,506**	2,245
Preference share interest – 11%	**1,087**	974
Bank loan interest	**105**	-
Unwind of discounting on leasehold liabilities	**99**	80
Finance fees	**108**	-
	3,905	3,299

6. Taxation

	2020 £'000	2019 £'000
Current tax		
Corporation tax	**-**	9
Overseas tax	**(73)**	(174)
Total tax credit for the year	**(73)**	(165)

The tax credit for the period is higher than the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

	2020 £'000	2019 £'000
Loss before tax	**(5,762)**	(4,574)
Tax at the UK corporation tax rate of 19%	**(1,095)**	(869)
Tax effects of:		
Expenses not deductible for tax purposes	**705**	406
Unrecognised deferred tax movements	**325**	325
Difference in foreign tax rate	**(8)**	(27)
Total tax credit for the year	**(73)**	(165)

Deferred taxation
There are no deferred tax assets recognised in the current, or prior year.

Unrelieved tax losses amounting to approximately £45 million (2019: £53 million), which are available indefinitely for offset against future taxable trading profits, A deferred tax asset has not been recognised on £45 million (2019: £45 million) of these losses on the basis that there is insufficient evidence that this asset will be recoverable as at the statement of financial position's date. An asset will only be recognised with improved certainty and quantification of taxable profits.

Notes to the consolidated financial statements

7. Property, plant and equipment

	Leasehold improvements £'000	Office furniture and equipment £'000	Computers, ancillary equipment and electronic test equipment £'000	Vehicles £'000	Demo stock £'000	Right-of-use assets £'000	Total £'000
Cost							
At 31 March 2018 restated	70	39	294	7	128	1,071	**1,609**
Additions	6	3	65	-	8	706	**788**
Disposals	(13)	-	(16)	-	-	(196)	**(225)**
Exchange movements	3	2	9	-	-	27	**41**
At 31 March 2019	66	44	352	7	136	1,608	**2,213**
Additions	23	17	144	-	2	809	**955**
Disposals	(45)	(24)	(85)	(8)	(1)	(693)	**(856)**
Exchange movements	(4)	(1)	(1)	1	-	26	**21**
At 31 March 2020	**40**	**36**	**410**	**-**	**137**	**1,750**	**2,373**
Accumulated depreciation							
At 31 March 2018 restated	9	7	60	1	30	180	**287**
Charge for period	20	9	152	2	69	539	**791**
Disposals	(8)	-	(16)	-	-	(93)	**(117)**
Exchange movements	-	4	(2)	-	-	17	**19**
At 31 March 2019	21	20	194	3	99	643	**980**
Charge for period	15	30	108	-	32	498	**683**
Disposals	(24)	(15)	(76)	(3)	(1)	(681)	**(800)**
Exchange movements	(2)	(17)	13	-	1	8	**3**
At 31 March 2020	**10**	**18**	**239**	**-**	**131**	**468**	**866**
Net book value							
At 31 March 2020	**30**	**18**	**171**	**-**	**6**	**1,282**	**1,507**
At 31 March 2019	45	24	158	4	37	965	1,233

Notes to the consolidated financial statements

8. Goodwill

	Goodwill £'000
At 31 March 2019 and 31 March 2020	9,623

The recoverable amount of goodwill attached to each cash generating unit ("CGU") is based on the valuation of the business performed in accordance with IFRS 3 on the acquisition of the Group's Videotech Business on the 31 October 2017 from Thruvision plc. Given the non-strategic nature of the Brimtek re-sale business, no goodwill has been ascribed to this CGU.

The Group is required to conduct annual impairment tests on the carrying value of each CGU in the statement of financial position. Although there is a requirement to perform annual impairment tests, these do not have to take place at 31 March, but should be consistently carried out at the same time annually. Therefore, the Group will carry out its annual impairment testing as at 31 October each year, representing the anniversary of the acquisition of the Group.

Impairment testing will only be re-performed if an impairment triggering event occurs in the intervening period. As a result of the global pandemic arising from COVID-19 with the resultant impact on the world market, restriction of travel, lockdown of countries, management considered that this material triggering event and so performed an impairment test at 31 March 2020. Value in use calculations are used to determine the recoverable amount of each CGU.

The calculation uses cash flow projections based on an annual financial forecast through to March 2023, the key assumptions in which are as follows:

	March 2020	October 2018
Revenue compound annual growth rate from FY20 to FY23	20%	21%
Revenue growth from FY24 onwards	2%	2%
Gross margin (decline)/improvement FY20 to FY23	(5%)	3%
Discount rate	19%	18%

A sensitivity analysis has been performed and the Directors have concluded that no reasonably foreseeable change in the key assumptions would result in an impairment of the goodwill of any of the Group's CGUs.

Notes to the consolidated financial statements

9. Other intangible assets

	Patents, Trademarks & Brand £'000	Intellectual property, Software & Technology £'000	Order backlog £'000	Customer relationships £'000	Capitalised Development £'000	Total £'000
Cost						
At 31 March 2018 restated	866	4,795	620	4,895	-	11,176
Exchange movements	-	2	-	-	-	2
At 31 March 2019	866	4,797	620	4,895	-	11,178
Additions	-	179	-	-	111	290
Disposals	-	(20)	-	-	-	(20)
At 31 March 2020	**866**	**4,956**	**620**	**4,895**	**111**	**11,448**
Accumulated amortisation						
At 31 March 2018 restated	21	273	468	337	-	1,099
Charge for the period	45	658	152	805	-	1,660
Impairment of acquisition related intangible assets	-	273	-	11	-	284
Exchange movements	-	(2)	-	-	-	(2)
At 31 March 2019	66	1,202	620	1,153	-	3,041
Charge for the period	43	555	-	525	-	1,123
Disposals	-	(20)	-	-	-	(20)
At 31 March 2020	**109**	**1,737**	**620**	**1,678**	**-**	**4,144**
Net book value						
At 31 March 2020	**757**	**3,219**	**-**	**3,217**	**111**	**7,304**
At 31 March 2019	800	3,595	-	3,742	-	8,137

The impairment charge in the prior year relates to Safezone technology and related customers, which hadn't performed at the level expected at acquisition.

Sensitivity analysis, using reasonable movements in assumptions, has not indicated that any other intangible items need impairment.

The net book values of individually material intangible assets and their remaining useful life at the end of each period were as follows:

	Carrying value 2020 £'000	**Remaining useful life Years 2020**	Carrying value 2019 £'000	Remaining useful life Years 2019
Videotech Business - Technology	**3,219**	**7.4**	3,595	8.4
Videotech Business - Customer Relationships (military)	**2,374**	**11.4**	2,590	12.4
Videotech Business - Customer Relationships (law enforcement and commercial)	**842**	**3.4**	1,152	4.4
Videotech Business - Brand	**757**	**17.6**	800	18.6

Notes to the consolidated financial statements

10. Inventories

	2020 £'000	2019 £'000
Raw materials	**357**	131
Work in progress	**-**	108
Finished goods and goods for resale	**1,001**	2,539
	1,358	2,778

The movement on stock provision during the period is set out below.

	Total £'000
At 31 March 2019	1,618
Released	(112)
Written off	(1,198)
Increase to provision	127
At 31 March 2020	**435**

11. Trade and other receivables

	Gross carrying amounts 2020 £'000	Provision for impairment 2020 £'000	Net carrying amounts 2020 £'000	Gross carrying amounts 2019 £'000	Provision for impairment 2019 £'000	Net carrying amounts 2019 £'000
Trade receivables	**14,437**	**(1,017)**	**13,420**	15,815	(1,393)	14,422
Social security & other taxes	**779**	**-**	**779**	-	-	-
Prepayments	**317**	**-**	**317**	268	-	268
Accrued income	**314**	**-**	**314**	197	-	197
Other receivables	**355**	**-**	**355**	186	-	186
	16,202	**(1,017)**	**15,185**	16,466	(1,393)	15,073

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables and amounts recoverable on contracts. Three customers represent £10,359,000 (2019: £12,011,000) of the Group's trade receivables as at 31 March 2020. There is no other significant concentration of credit risk.

The Group believes that the carrying amounts of the Group's trade receivables by the type of customer gives a fair presentation of the credit quality of the assets:

	2020 £'000	2019 £'000
Government customers	**1,272**	4,123
Commercial customers	**12,148**	10,299
	13,420	14,422

Notes to the consolidated financial statements

11. Trade and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs against customer balances as at 31 March 2020 under IFRS 9:

	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
Not due	7,232	-	7,232
Not more than three months past due	3,905	-	3,905
More than three months but not more than six months past due	1,780	-	1,780
More than six months past due	1,520	(1,017)	503
	14,437	**(1,017)**	**13,420**

The following table provides information about the ageing of trade receivables as at 31 March 2019 under IFRS 9:

	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
Not due	6,326	(3)	6,323
Not more than three months past due	5,558	-	5,558
More than three months but not more than six months past due	1,924	-	1,924
More than six months past due	2,007	(1,390)	617
	15,815	**(1,393)**	**14,422**

The movement in the provision for doubtful debts is as follows:

	£'000
At 31 March 2019	1,393
Amounts recognised in the income statement	56
Written off	(369)
Amounts released to the income statement	(72)
Foreign exchange	9
At 31 March 2020	**1,017**

12. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	**3,909**	4,207
Accruals	**1,524**	3,159
Deferred income	**1,252**	1,043
Social security and other taxes	**319**	360
Other payables	**176**	160
	7,180	8,929

Notes to the consolidated financial statements

13. Financial liabilities

	2020 £'000	2019 £'000
Non-current		
Volpi Loan notes	**24,614**	22,108
11% Preference shares (note 15)	**10,678**	9,591
Contingent Consideration (note 15)	**-**	80
	35,292	31,779
Current		
Revolving credit facility (net of fees)	**3,817**	838
Contingent Consideration (note 15)	**63**	354
	3,880	1,192

The loan notes are redeemable at par, together with accrued interest, on the earlier of the occurrence of an exit of the loan repayment date of 31 December 2022. Interest is payable at 11%.

The revolving credit facility is presented net of £67,000 of directly attributable and capitalised facility fees.

Notes to the consolidated financial statements

14. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary 'A' Shares of 1 pence each		
At 31 March 2018	1,983,333	20
Change of share designation	(23,333)	-
At 31 March 2019	1,960,000	20
At 31 March 2020	**1,960,000**	**20**
Ordinary 'B1' Shares of 1.5 pence each		
Shares issued in the period	119,000	2
At 31 March 2019	119,000	2
At 31 March 2020	**119,000**	**2**
Authorised, allotted, called-up and fully paid		
Ordinary 'B2' Shares of 1 pence each		
At 31 March 2018	183,500	2
Change of share designation	23,333	-
Shares issued in the period	5,000	-
At 31 March 2019	211,833	2
At 31 March 2020	**211,833**	**2**
Authorised, allotted, called-up and fully paid		
Ordinary 'B3' Shares of 3 pence each		
At 31 March 2018	-	-
Shares issued in the period	35,000	1
At 31 March 2019	35,000	1
At 31 March 2020	**35,000**	**1**
Authorised, allotted, called-up and fully paid (classified as financial liabilities)		
Preference Shares of £1 each		
At 31 March 2019	8,247,547	8,248
At 31 March 2020	**8,247,547**	**8,248**

During the year ended 31 March 2019 35,000 Ordinary 'B3' shares of 3p and 5,000 Ordinary 'B2' shares of 1p were allotted, at an issue price of £1, and fully paid, giving rise to a share premium of £39,000. In addition, 23,333 shares designated as Ordinary 'A' shares were reallocated to Ordinary 'B2' shares.

The rights of the different classes of share are as follows:

Ordinary 'A' shares

These shares have full voting rights with one vote per share. They rank pari passu (though after Preference shares) with all other shares in respect of dividend payments and return of capital.

Ordinary 'B1' shares

These shares have full voting rights with one and a half votes per share. They rank pari passu (though after Preference and A shares respectively) with all other shares in respect of dividend payments and return of capital.

Ordinary 'B2' shares

These shares have full voting rights with one vote per share. They rank pari passu (though after Preference and A shares respectively) with all other shares in respect of dividend payments and return of capital.

Notes to the consolidated financial statements

14. Share capital (continued)

Ordinary 'B3' shares
These shares have full voting rights with one vote per share. They rank pari passu (though after Preference and A shares respectively) with all other shares in respect of dividend payments and return of capital.

Preference Shares

The holders of the Preference shares have the right to a cumulative preferential cash dividend at 11% of issue price, in priority to any dividends on ordinary shares. The Preference shares are not redeemable, therefore the par value of the shares has been shown as a liability due more than one year. In the event of a winding up order on the Company, the holders of Preference shares have the right only to repayment of capital paid up thereon and arrears of Preference dividends to the date of payment but shall not have any further right to participate in profits or surplus assets. The Preference shareholders do not have the right to vote at general meetings of the Company.

15. Financial instruments

Categories of financial assets and liabilities
The Group had the following financial assets and liabilities:

The amounts below are contractual undiscounted cash flows and include both interest and principal amounts.

	Note	**Amortised cost 2020 £'000**	Amortised cost 2019 £'000
Assets as per statement of financial position			
Trade receivables	11	**13,420**	14,422
Accrued income	11	**314**	197
Other receivables	11	**355**	186
Cash and cash equivalents		**3,230**	1,892
		17,319	16,697

	Note	**On demand or less than one year 2020 £'000**	**One to two years 2020 £'000**	**Total 2020 £'000**	On demand or less than one year 2019 £'000	One to two years 2019 £'000	Total 2019 £'000
Liabilities							
Trade payables	12	**3,909**	-	**3,909**	4,207	-	4,207
Accruals	12	**1,524**	-	**1,524**	3,159	-	3,159
Other payables	12	**176**	-	**176**	160	-	160
Revolving credit facility	13	**3,817**	-	**3,817**	838	-	838
Contingent consideration	13	**63**	-	**63**	354	80	434
		9,489	-	**9,489**	8,718	80	8,798

The Volpi Loan notes of £24,614,000 (2019: £22,108,000) and 11% Preference shares of £10,678,000 (2019: £9,591,000) are also considered to be financial liabilities, but have not been included above as the maturity cannot be reliably estimated.

Notes to the consolidated financial statements

15. Financial instruments (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has one Level 3 financial liability, being the contingent consideration of £63,000 (31 March 2019: £434,000). The fair values of other financial assets and liabilities, which are short term, are not disclosed as the Directors estimate that the carrying amount of the financial assets and liabilities are not significantly different to their fair value. These financial assets and liabilities are carried at amortised cost.

Financial risk management

The Group has a centralised treasury function, providing a service to the Group for funding and foreign exchange management. Treasury activities are managed under policies and procedures approved and monitored by the Board. These are designed to reduce the financial risks faced by the Group, which primarily relate to credit risk, foreign currency risk, interest rate risk and liquidity risk. In the period, the Group has not undertaken any trading in financial instruments.

Credit risk

The Board monitors the Group's exposure to credit risk on an on-going basis. Cash investments are only allowed in liquid securities with major financial institutions that satisfy specific criteria. The maximum credit risk exposure at the statement of financial position's date is represented by the carrying value of financial assets. Cash investments have been held with three major financial institutions during the year.

The Board carries out a formal review of its banking arrangements on an annual basis. Details of the Group's credit risk on trade and other receivables can be found in note 11.

Customer concentration risk

The Group monitors its exposure to customer concentration risk on an on-going basis. The amount of the risk exposure is shown in note 11.

Foreign currency risk

Operations are subject to foreign exchange risk from committed transactions denominated in currencies other than their functional currency and, once recognised, the revaluation of foreign currency denominated assets and liabilities.

Approximately 67% of Group revenue was invoiced in currencies other than Sterling, predominantly USD. To mitigate foreign exchange risk arising from transactions denominated in other currencies, forecast revenues and costs are regularly reviewed to assess any potential currency exposures and whether forward currency contracts should be put in place. With substantial US and Asia Pacific revenues expected, the Group expects to generate a surplus of USD. To mitigate foreign currency risk exposure, the ability to increase inventory procurements in USD is regularly reviewed, which provides a natural hedge.

The Group is also exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of foreign subsidiaries. However, this translation risk is not hedged as it is immaterial within the Group and the foreign subsidiaries are regarded as long-term investments.

The Group has total cash assets of £3,230,000 of which £1,900,000 are Sterling denominated and £1,330,000 other currencies, mainly USD and Euro (2019: £1,892,000 of which £1,315,000 are Sterling denominated and £577,000 other).

Notes to the consolidated financial statements

15. Financial instruments (continued)

					2020
£'000	GBP	USD	EUR	Other	Total
Trade receivables	3,918	9,472	30	-	13,420
Accrued income	-	84	230	-	314
Other receivables	295	23	16	21	355
Cash and cash equivalents	1,900	735	585	10	3,230
Trade payables	(1,854)	(1,993)	(53)	(9)	(3,909)
Accruals	(1,245)	(108)	(131)	(40)	(1,524)
Other payables	(167)	-	(8)	(1)	(176)
Revolving credit facility	(2,183)	(1,634)	-	-	(3,817)
Contingent consideration	(63)	-	-	-	(63)
Volpi Loan notes	(24,614)	-	-	-	(24,614)
11% Preference shares	(10,678)	-	-	-	(10,678)
Net exposure to currency at 31 March 2020	(34,691)	6,579	669	(19)	(27,462)

					2019
£'000	GBP	USD	EUR	Other	Total
Trade receivables	3,098	10,851	380	93	14,422
Accrued income	-	32	165	-	197
Other receivables	99	33	12	42	186
Cash and cash equivalents	1,315	343	226	8	1,892
Trade payables	(2,002)	(2,149)	(25)	(31)	(4,207)
Accruals	(2,948)	(63)	(93)	(55)	(3,159)
Other payables	(152)	(1)	(6)	(1)	(160)
Revolving credit facility	(838)	-	-	-	(838)
Contingent consideration	(434)	-	-	-	(434)
Volpi Loan notes	(22,108)	-	-	-	(22,108)
11% Preference shares	(9,591)	-	-	-	(9,591)
Net exposure to currency at 31 March 2019	(33,561)	9,046	659	56	(23,800)

	2020 **£'000**	2019 £'000
If GBP had weakened against USD by 10%	**(819)**	(1,178)
If GBP had strengthened against USD by 10%	**819**	1,178
If GBP had weakened against EUR by 10%	**(76)**	(67)
If GBP had strengthened against EUR by 10%	**76**	67

Interest rate risk

The Group has £nil (2019: £nil) financial assets on fixed rate deposits. The Group is not exposed to interest rate risks on other assets and liabilities, which are transacted on normal commercial terms.

Notes to the consolidated financial statements

15. Financial instruments (continued)

Liquidity risk

The Group's policy is to maintain sufficient headroom to meet its foreseeable financing requirements. Substantial financial assets are held by the Group to meet its planned requirements.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows in the long and short term.

Capital risk management

The Group defines its capital as its total equity. At this stage of the Group's development, its policy is to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefit to investors and to fund its existing operations. The Group reviews the capital structure on a regular basis and considers the cost of capital and the risks and benefits associated with different forms of capital available to the Group.

The declaration and payment by the Group of any future dividends on the Ordinary Shares, and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Group's early stage, the Directors do not envisage that the Group will pay dividends in the foreseeable future and intend to reinvest surplus funds in the development of the Group's business. The Board will regularly review the appropriateness of its dividend policy.

16. Lease liabilities

The right-of-use asset has been included in property, plant and equipment on the balance sheet (note 7).

	Total £'000
At 31 March 2018 restated	904
Additions	671
Interest expense	80
Effect of modification of lease terms	(117)
Lease payments	(590)
Foreign exchange movements	21
At 31 March 2019	969
Additions	793
Interest expense	99
Effect of modification of lease terms	(11)
Lease payments	(589)
Foreign exchange movements	16
At 31 March 2020	**1,277**

	2020 £'000	2019 £'000
Current	**523**	371
Non-current	**754**	598
	1,277	969

Notes to the consolidated financial statements

16. Lease liabilities (continued)

The table below summarises the maturity profile of the Group's lease liabilities

	2020	2019
	£'000	£'000
Within one year	**523**	598
In the second to fifth year	**722**	253
After five years	**32**	118
Total	**1,277**	969

17. Provisions

	Restructuring provision £'000	**Dilapidation provision £'000**	**Other provision £'000**	**Total £'000**
At 31 March 2019	14	105	85	204
Charged to income statement	46	11	44	101
Utilisation	(30)	(1)	-	(31)
At 31 March 2020	**30**	**115**	**129**	**274**
Current	**30**	**59**	**29**	**118**
Non-current	**-**	**56**	**100**	**156**

The restructuring provision relates to the closure of one of the subsidiary businesses as part of the overhead reduction program.

The provision for dilapidations relates to the legal obligation for the leased properties to be returned to the landlord in the contracted condition at the end of the lease period. This cost would include repairs of any damage and wear and tear.

Other provisions is mainly a provision for pension liabilities in Digital Barriers SAS.

18. Commitments

There are no capital commitments at 31 March 2020 (2019: none).

Notes to the consolidated financial statements

19. Related party transactions

Remuneration

The remuneration of Directors, recognised in the income statement, is set out below in aggregate. Key management are defined as the Board of Project Gateway Topco Limited. Currently no employees outside of the Directors are classified as 'persons discharging managerial responsibility'.

	2020 £'000	2019 £'000
Directors' remuneration	**557**	560
Pension contributions	**15**	10
	572	570

The total amount payable to the highest paid director in respect of emoluments was £290,000 (2019: £290,000).

The Directors purchased shares in the period as detailed below:

	2020 £'000	2019 £'000
Neville Davis – B3 shares	-	40
Zak Doffman - B1 shares	-	-
Stuart Purves – B2 shares	-	-

All shares were subscribed at the time of the acquisition of the subsidiaries.

	2020 £'000	2019 £'000
Interest and fees accrued/paid to related parties		
Lux Capital Lux III S.à.r.l Loan notes	**2,503**	2,243
Neville Davis Loan notes	**3**	2
Lux Capital Lux III S.à.r.l 11% Preference shares	**1,086**	973
Neville Davis 11% Preference shares	**1**	1
Amounts owed to related parties		
Lux Capital Lux III S.à.r.l Loan notes	**24,581**	22,079
Neville Davis Loan notes	**33**	29
Lux Capital Lux III S.à.r.l 11% Preference shares	**10,664**	9,578
Neville Davis 11% Preference shares	**14**	13

20. Ultimate Parent and Controlling Party

The immediate parent of the Company is Volpi Lux III S.à.r.l, a company incorporated in Luxembourg.

The ultimate controlling party is considered to be the members of Volpi Capital Investments LP by virtue of their controlling shareholding in Project Gateway Topco Limited.

21. Post balance sheet events

The Group has no post balance sheet events.

Notes to the consolidated financial statements

22. Subsidiaries

Details of the Company's subsidiary undertakings as at 31 March 2020 are as follows:

Company name	Principal activity	Registered offices	Group interest	Principally operates in	Country of incorporation
Digital Barriers Services Limited*	Development and Sale of low bandwidth video streaming product	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Digital Barriers SAS*	Proprietary video analytics software solutions	Arep Center, 1. Traverse des Brucs, 06560 Valbonne Sophia-Antipolis, France	100%	France	France
OmniPerception Limited*ˣ	Standoff facial recognition	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Brimtek Inc.*	Provider of technical surveillance solutions	1191 Freedom Drive, Suite 620, Reston, VA 20190, USA	100%	Virginia, USA	USA
Digital Barriers Inc.	Holding company	C/O Corporation Services Company, 2711 Centerville Rd Suite 400 Wilmington, New Castle, Delaware 19808, USA	100%	Delaware, USA	USA
Digital Barriers ME FZ-LLC*	Service Office	Office 902, Thuraya Tower 1, Dubai Internet City, Dubai, UAE	100%	UAE - Dubai	UAE
Digital Barriers Singapore PTE Ltd*	Service Office	32-01 Singapore Land Tower, 50 Raffles Place, 048623, Singapore	100%	Singapore	Singapore
Digital Barriers SDN BHD*	Service Office	Suite 21 02 & 03, 21st Floor, Menara Haw Par, Jalan Sultan Ismail, 50250 KL, Malaysia	100%	Malaysia	Malaysia
OmniPerception Holdings Limited*^	Non-trading	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Applied Image Recognition Limited*ˣ	Provider official recognition solutions	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Security Applications Limited*^	Non-trading	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
D Ford Associates Limited*^	Non-trading	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Stryker Communications Limited*^	Non-trading	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Mutanderis 534 Ltd*^	Non-trading	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Project Gateway Midco 1 Limitedˣ	Holding company	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Project Gateway Midco 2 Limited*ˣ	Holding company	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Project Gateway Bidco Limited*	Holding company	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG	100%	UK	England & Wales
Digital Barriers S.A.R.L*	Development and Sale of low bandwidth video streaming product	15 Rue Edward Steichen, Luxembourg, 2540	100%	Luxembourg	Luxembourg
Digital Barriers Pty Limited*	Service Office	Grosvenor Place Level 12, 225 George Street, Sydney NSW 2000, Australia	100%	Australia	Australia

* Held indirectly via intermediate holding companies. 100%

ˣ These subsidiaries have taken advantage of the audit exemption under Section 479A of the Companies Act 2006 for the year ended 31 March 2020. As such, the parent company has provided a guarantee against all debts and liabilities in these subsidiaries as at 31 March 2020.

^ These entities were dormant during year ended 31 March 2020 and have taken the exemption from preparing and filing financial statements for the year ended 31 March 2020 (by virtue of Section 448A of the Companies Act 2006).

Company statement of financial position

for the year ended 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Investments	4	10,444	10,444
Amounts owed by group undertakings	5	24,040	21,944
		34,484	32,388
Current assets			
Amounts owed by group undertakings	5	129	129
		129	129
Total assets		34,613	32,517
Equity and liabilities			
Equity share capital	6	25	25
Share premium		2,301	2,301
Retained losses		(3,005)	(1,508)
Total equity		(679)	818
Non-current liabilities			
Financial liabilities	7	35,292	31,699
		35,292	31,699
Total liabilities		35,292	31,699
Total equity and liabilities		34,613	32,517

The notes on pages 43 to 47 form part of these financial statements.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act and have not presented a statement of comprehensive income for the Company. The loss for the year was £1,497,000 (2019: £1,129,000).

These financial statements were approved by the Board of Directors and authorised for issue on 11 September 2020.

They were signed on its behalf by:

Stuart Purves
Chief Financial Officer
Date: 15 September 2020

Company Number 10900066

Company statement of changes in equity
at 31 March 2020

	Share capital £'000	Share premium £'000	Retained losses £'000	Total equity £'000
At 31 March 2018	24	2,262	(379)	1,907
Loss for the period	-	-	(1,129)	(1,129)
Shares issued	1	39	-	40
At 31 March 2019	25	2,301	(1,508)	818
Loss for the year	-	-	(1,497)	(1,497)
At 31 March 2020	**25**	**2,301**	**(3,005)**	**(679)**

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares.

The notes on pages 43 to 47 form part of these financial statements.

Notes to the Company Financial Statements
at 31 March 2020

1. Authorisation of financial statements and statement of compliance with FRS 101

The Company financial statements for the period ended 31 March 2020 were authorised for issue by the board of directors on 11 September 2020 and the balance sheet was signed on the board's behalf by Stuart Purves. Project Gateway Topco Limited is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. The Company has adopted an IAS 1 format in its financial statements, as permitted by FRS 101 (amended July 2015) using the 'adapted formats' in company law, as amended by SI 2015/980.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 March 2020.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 Financial Instruments: Disclosures;

b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;

c) the requirements of IAS 7 Statement of Cash Flows;

d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

f) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';

g) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1; and

h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to135(e) of IAS 36 Impairment of Assets.

Basis of measurement

The Company financial statements are prepared on the historical cost basis.

Going concern

The accounts have been prepared on a going concern basis as described in note 1 of the consolidated Group financial statements.

Notes to the Company Financial Statements
at 31 March 2020

2. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The key accounting judgement of the Company is the carrying value of its investments in subsidiary undertakings. The Company does not deem its investments in subsidiary undertakings to be impaired.

Investments

Fixed asset investments in subsidiaries' shares are held at cost less any accumulated impairment losses in accordance with IAS 27: 'Separate financial statements'.

Impairment

The Company's accounting policies in respect of impairment of financial assets are consistent with the Group.

The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Financial instruments

The company's financial risk management policies are consistent with those of the Group, where applicable, and are described in the Strategic Report on pages 2 to 6 and note 15 to the consolidated financial statements.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to the Income statement if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the Company Financial Statements
at 31 March 2020

3. Employees

There are no employees in the Company during the period. Directors' emoluments were borne by Project Gateway Bidco Limited.

4. Investments

	Shares in Group undertakings £'000
At 31 March 2020 and 31 March 2019	**10,444**

All of the Company's investments are unlisted. Details of the Company's subsidiary undertakings as at 31 March 2020 are disclosed in note 22 of the Group consolidated financial statements.

5. Amounts owed by group undertakings

	Gross and Net carrying amounts 2020 £'000	Gross and Net carrying amounts 2019 £'000
Amounts falling due after one year		
Amounts owed by subsidiary company – interest bearing	**24,040**	21,944
Amounts falling due within one year		
Amounts owed by group company – non-interest bearing	**129**	129

The intragroup interest-bearing loan has an interest rate of 11%.

Notes to the Company Financial Statements
at 31 March 2020

6. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary 'A' Shares of 1 pence each		
At 31 March 2018	1,983,333	20
Change of share designation	(23,333)	-
At 31 March 2019	1,960,000	20
At 31 March 2020	**1,960,000**	**20**
Ordinary 'B1' Shares of 1.5 pence each		
Shares issued in the period	119,000	2
At 31 March 2019	119,000	2
At 31 March 2020	**119,000**	**2**
Authorised, allotted, called-up and fully paid		
Ordinary 'B2' Shares of 1 pence each		
At 31 March 2018	183,500	2
Change of share designation	23,333	-
Shares issued in the period	5,000	-
At 31 March 2019	211,833	2
At 31 March 2020	**211,833**	**2**
Authorised, allotted, called-up and fully paid		
Ordinary 'B3' Shares of 3 pence each		
At 31 March 2018	-	-
Shares issued in the period	35,000	1
At 31 March 2019	35,000	1
At 31 March 2020	**35,000**	**1**
Authorised, allotted, called-up and fully paid (classified as financial liabilities)		
Preference Shares of £1 each		
At 31 March 2019	8,247,547	8,248
At 31 March 2020	**8,247,547**	**8,248**

During the year ended 31 March 2019 35,000 Ordinary 'B3' shares of 3p and 5,000 Ordinary 'B2' shares of 1p were allotted, at an issue price of £1, and fully paid, giving rise to a share premium of £39,000. In addition, 23,333 shares designated as Ordinary 'A' shares were reallocated to Ordinary 'B2' shares.

Ordinary 'A' shares

These shares have full voting rights with one vote per share. They rank pari passu (though after Preference shares) with all other shares in respect of dividend payments and return of capital.

Ordinary 'B1' shares

These shares have full voting rights with one and a half votes per share. They rank pari passu (though after Preference shares) with all other shares in respect of dividend payments and return of capital.

Ordinary 'B2' shares

These shares have full voting rights with one vote per share. They rank pari passu (though after Preference shares) with all other shares in respect of dividend payments and return of capital.

Notes to the Company Financial Statements
at 31 March 2020

6. Share capital (continued)

Ordinary 'B3' shares
These shares have full voting rights with one vote per share. They rank pari passu (though after Preference and A shares respectively) with all other shares in respect of dividend payments and return of capital.

Preference Shares

The holders of the Preference shares have the right to a cumulative preferential cash dividend at 11% of issue price, in priority to dividends on ordinary shares. The Preference shares are not redeemable, therefore the par value of the shares has been shown as a liability due more than one year. In the event of a winding up order on the Company, the holders of Preference shares have the right only to repayment of capital paid up thereon and arrears of preference dividends to the date of payment but shall not have any further right to participate in profits or surplus assets. The preference shareholders do not have the right to vote at general meetings of the Company.

7. Financial Liabilities

	2020	2019
	£'000	£'000
Volpi Loan notes	**24,614**	22,108
11% Preference shares	**10,678**	9,591
	35,292	31,699

The loan notes are redeemable at par together with accrued interest on the earlier of the occurrence of an exit of the loan repayment date of 31 December 2022. Interest is payable at 11%.

8. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 101 not to disclose transactions with its wholly owned subsidiaries.

	2020	2019
	£'000	£'000
Interest and fees accrued/paid to related parties		
Lux Capital Lux III S.à.r.l Loan notes	**2,503**	2,243
Neville Davis Loan notes	**3**	2
Lux Capital Lux III S.à.r.l 11% Preference shares	**1,086**	973
Neville Davis 11% Preference shares	**1**	1
Amounts owed to related parties		
Lux Capital Lux III S.à.r.l Loan notes	**24,581**	22,079
Neville Davis Loan notes	**33**	29
Lux Capital Lux III S.à.r.l 11% Preference shares	**10,664**	9,578
Neville Davis 11% Preference shares	**14**	13

8. Post balance sheet event

The Company has no post balance sheet events.