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**IDEALERT LIMITED**

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**UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**VIDEALERT LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M I Hoskin (resigned 15 July 2022) M S Watson (resigned 6 April 2022) M J Corcoran (appointed 6 April 2022) S J Callaghan (appointed 15 July 2022)
<b>Company secretary</b>	Squire Patton Boggs Secretarial Services Limited
<b>Registered number</b>	05040786
<b>Registered office</b>	12th Floor One America Square London United Kingdom EC3N 2LS
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP

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**VIDEALERT LIMITED**

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**VIDEALERT LIMITED**  
**REGISTERED NUMBER: 05040786**

**BALANCE SHEET**  
**AS AT 31 MAY 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	5	11,651	16,542
Tangible assets	6	235,081	431,482
		<u>246,732</u>	<u>448,024</u>
<b>Current assets</b>			
Stocks	7	1,405,635	402,288
Debtors: amounts falling due within one year	8	11,586,750	8,226,482
Cash at bank and in hand	9	40,067	504,674
		<u>13,032,452</u>	<u>9,133,444</u>
Creditors: amounts falling due within one year	10	(11,438,929)	(8,394,087)
<b>Net current assets</b>		<u>1,593,523</u>	<u>739,357</u>
<b>Total assets less current liabilities</b>		<u>1,840,255</u>	<u>1,187,381</u>
<b>Provisions for liabilities</b>			
Deferred tax	11	-	(15,536)
		<u>-</u>	<u>(15,536)</u>
<b>Net assets</b>		<u><u>1,840,255</u></u>	<u><u>1,171,845</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	607,226	607,226
Share premium account	13	566,896	566,896
Profit and loss account	13	666,133	(2,277)
		<u><u>1,840,255</u></u>	<u><u>1,171,845</u></u>

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**VIDEALERT LIMITED**  
**REGISTERED NUMBER: 05040786**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MAY 2022**

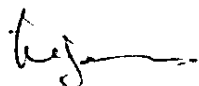
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The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



26 July 2023

**M J Corcoran**  
Director

The notes on pages 3 to 14 form part of these financial statements.

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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 1. General information

Videalert Limited ("the company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:  
12th Floor One America Square  
London  
United Kingdom  
EC3N 2LS

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The functional currency of the company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the company operates.

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2022 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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## 2. Accounting policies (continued)

### 2.3 Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The Company's financial projections and cash flow forecasts form part of a Group assessment and given that the Group manages its treasury on a Group basis the going concern assessment has also been prepared on a Group basis.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Directors have produced a set of base level forecast financial projections which cover the period through to August 2024 incorporating a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Forecasting for some of the larger business units are straight forward to project as revenues are contract based with any impact from contractual changes usually known at least up to 12 months in advance. Other business service lines, principally Enforcement, Commercial Debt and Traffic Technology, are variable based on caseload volumes. These latter services suffered the biggest impact of the Covid-19 restrictions, and the forecasts assume that the period to August 2024 will see a return to volumes in these business service lines close to pre-pandemic levels. The forecasts also assume a level of increased operating costs; however, the current economic environment makes forecasting precise future costs uncertain.

Trading since the reporting date continues to show significant increases in volumes and revenues. However, the Group is operating in an uncertain economic environment with cost-of-living pressures impacting the Group's operating costs and EBITDA performance. Management's momentum for the year ahead includes well established action to deliver cost savings to counter these impacts.

The base level forecasts that the Board have reviewed and approved indicate that the Group will remain in compliance with covenants in the assessment period to August 2024.

After the reporting date, the Group received an injection of funding from investors in the form of loan notes amounting to £10m on 2 February 2023. These are repayable on maturity (being 22 March 2030). Accrued interest is repayable on the same date.

The Group also successfully amended its total net debt cover and liquidity covenant requirements with lenders through to 31 May 2024. The amendment was required due to the covenant levels being set in a pre-pandemic environment on a reducing scale, which did not factor in the disruption caused by the pandemic. The business recovery has been positive post pandemic, however by amending covenant levels, along with the cash injection from investors, the Group has created additional headroom which provides a platform for growth. There has been no breach of any covenants in either the year ending 31 May 2022 or up to the date of approval of these financial statements.

The Board have prepared a plausible downside forecast covering the same time forecast period, being at least twelve months from the date of approval of these financial statements and have sensitised a reduction in the projected EBITDA by 10% in that period. Applying this sensitivity across all business service lines, without any mitigation, could result in a potential breach of covenants in the going concern period. However, if this should happen, the downside forecast scenario indicates that the Group's available liquidity would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

The Group have established cost reduction initiatives since the reporting date. These initiatives are

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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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## 2. Accounting policies (continued)

### 2.3 Going concern (continued)

well advanced and include cost reduction across all areas of operational spend. The impact of the cost reduction initiatives included in the forecast, result in covenant conditions being met throughout the forecast period, even under a 10% sensitivity downside scenario.

The Directors recognise that at the date of approval of these financial statements, there is a risk that future forecast growth rates and forecast cost savings may not be achieved in line with the forecast. Base level forecasts assume that volumes and revenues return to pre-pandemic levels and that the Group can effectively implement cost savings and manage future operating costs with inflation built into these assumptions. The degree of growth and the degree of cost inflation indicate the existence of a material uncertainty related to events or conditions which may be outside the Board's control.

Such events and conditions may cast doubt over the Group's ability to remain in compliance with all lending covenant requirements and liquidity. This may cast significant doubt on the Group and parent company ability to continue as a going concern, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

After review of both its base case forecasts and its plausible downside scenario, with mitigations, the Directors have a reasonable expectation that the Group will have sufficient funds to enable it to operate within its available facilities, settle its liabilities as they fall due for at least the next twelve months, and satisfy any upcoming covenant conditions in the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;



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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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## 2. Accounting policies (continued)

### 2.4 Revenue (continued)

- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### 2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

### 2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.7 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

### 2.9 Tangible fixed assets

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

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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

##### 2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 5 years
Fixtures and fittings	- 5 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.13 Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

#### 2.14 Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### 3. Employees

The average monthly number of employees, including directors, during the period was 28 (2021 - 19).

VIDEALERT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

4. Taxation

	2022 £	2021 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(45,961)	70,429
Adjustment in respect of previous periods	(3,705)	(58,622)
Changes to tax rates	(14,514)	3,729
<b>Total deferred tax (credit)/charge</b>	(64,180)	15,536
<b>Tax (credit)/charge on profit on ordinary activities</b>	(64,180)	15,536

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	604,231	445,689
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	114,804	84,681
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	121	58
Adjustments to tax charge in respect of prior periods	(3,705)	(58,622)
Share options	2,145	-
Group relief	(562,049)	(11,219)
Transfer pricing adjustments	399,018	(3,091)
Effect of changes in tax rates	(14,514)	3,729
<b>Total tax (credit)/charge for the year</b>	(64,180)	15,536

**Factors that may affect future tax charges**

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VIDEALERT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

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4. Taxation (continued)

It was confirmed that from 1 April 2023, the corporation tax rate will increase from 19% to 25% and deferred taxes at the balance sheet date have been calculated using the rate of 25% as it is expected that the deferred tax will largely become payable after April 2023.

5. Intangible assets

	Development expenditure £
<b>Cost</b>	
At 1 June 2021	59,457
At 31 May 2022	59,457
<b>Amortisation</b>	
At 1 June 2021	42,915
Charge for the year on owned assets	4,891
At 31 May 2022	47,806
<b>Net book value</b>	
At 31 May 2022	11,651
At 31 May 2021	16,542

**VIDEALERT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

**6. Tangible fixed assets**

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 June 2021	27,206	55,124	741,827	824,157
Additions	19,033	-	167,973	187,006
At 31 May 2022	46,239	55,124	909,800	1,011,163
<b>Depreciation</b>				
At 1 June 2021	21,323	39,080	332,272	392,675
Charge for the year on owned assets	-	15,490	359,444	374,934
Charge for the year on financed assets	8,473	-	-	8,473
At 31 May 2022	29,796	54,570	691,716	776,082
<b>Net book value</b>				
At 31 May 2022	16,443	554	218,084	235,081
At 31 May 2021	5,883	16,044	409,555	431,482

**7. Stocks**

	2022 £	2021 £
Finished goods and goods for resale	1,405,635	402,288
	1,405,635	402,288

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VIDEALERT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

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8. Debtors

	2022 £	2021 £
Trade debtors	720,666	730,245
Amounts owed by group undertakings	6,430,073	6,950,646
Other debtors	297,142	-
Prepayments and accrued income	4,090,225	545,591
Deferred taxation	48,644	-
	<u>11,586,750</u>	<u>8,226,482</u>

Amounts owed by group undertakings are interest free, unsecured and payable on demand.

9. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	40,067	504,674
	<u>40,067</u>	<u>504,674</u>

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	32,122	-
Amounts owed to group undertakings	9,412,666	5,437,571
Other taxation and social security	-	552,309
Other creditors	10,028	12,614
Accruals and deferred income	1,984,113	2,391,593
	<u>11,438,929</u>	<u>8,394,087</u>

Amounts owed to group undertakings are interest free, unsecured and payable on demand.

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VIDEALERT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

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11. Deferred taxation

	2022 £
At beginning of year	(15,536)
Charged to profit or loss	64,180
<b>At end of year</b>	<b>48,644</b>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Fixed asset timing difference	47,908	(22,840)
Short term timing differences	736	7,304
	<b>48,644</b>	<b>(15,536)</b>

12. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
711,392 (2021 - 711,390) Ordinary shares of £0.100000 each	71,139	71,139
626,855 (2021 - 626,857) A Ordinary shares of £0.043072 each	27,000	27,000
5,090,874 (2021 - 5,090,870) B Ordinary shares of £0.100000 each	509,087	509,087
	<b>607,226</b>	<b>607,226</b>

The company has three classes of ordinary shares which carry no right to fixed income.

13. Reserves

**Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.



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## VIDEALERT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 14. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £31,360 (2021 - £28,304). Contributions totalling £8,187 (2021 - £10,006) were payable to the fund at the balance sheet date and are included in creditors.

#### 15. Controlling party

Videalert Development Limited is the immediate parent undertaking of Videalert Limited.

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2022, Free Flow Topco Limited. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.