

Company Registration No. 11729338 (England and Wales)

WBW CITY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

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WBW CITY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R E Baldacci J E Wakerley S Giles	(Appointed 1 March 2023)
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Company number	11729338
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Registered office	6 North Street Oundle Peterborough England PE8 4AL
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Auditor	TC Group Brightfield Business Hub Bakewell Road Orton Southgate Peterborough Cambridgeshire PE2 6XU
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WBW CITY HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 9
Group profit and loss account	10
Group statement of comprehensive income	11
Group balance sheet	12
Company balance sheet	13
Group statement of changes in equity	14
Company statement of changes in equity	15
Group statement of cash flows	16

Notes to the financial statements

17 - 39

The directors present the strategic report for the period ended 30 June 2023.

Fair review of the business

The directors are pleased to be able to report that 2023 has been a very positive year for the business in terms of revenue growth for the business, with it now fully incorporating the acquisition of K9 Security Holdings.

There has been a significant level of investment and re-organisation setting the business on a strong course for the future.

The investments have included the recruitment and formation of a new executive team, sourced from within the security industry, who bring with them many years of experience in growing and developing facilities and security companies.

Initial actions of the team have included the rebranding of the main subsidiary businesses from being City Security Services Ltd to City Group Security Ltd and relaunching this in the market, as well as hiving across into City Group Security Ltd the business of 3 other subsidiary companies. This in the opinion of the directors gives an extremely strong base, nationwide, for the business to expand in 2024.

The relaunch and rebranding were as of the 30th June and this has been extremely well received by customers, team members and the broader market. As a result significant levels of new business has been won since that time.

Whilst gross margins in the industry remain challenging, especially with significant increases in the national living wage, the financial statements are showing a gross margin of 13.3% for 2023 ahead of the 11% reported in 2021. This increase reflects the proportionally higher gross margin that K9 Security Holdings is able to generate through canine security work.

The strategy of the business remains providing an industry leading level of customer service, whilst focussing on solving customer problems through an integrated mix of personnel and system solutions.

The directors have full confidence in the abilities of the new executive team to deliver this strategy and expect this to be born out in the results presented in following years.

Principal risks and uncertainties

The most significant risks facing the group are continuing increases in wage inflation, driven by the significant increases in national minimum wage as well as the shortage of skilled security operatives in the market leading to strong competition for the best officers.

The business will continue to address these risk through working hard with customers to find the most efficient method of delivering security along with having a culture which attracts the best team members.

WBW CITY HOLDINGS LIMITED

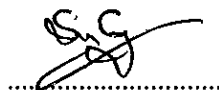
STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

Key performance indicators

	<u>2023</u>	<u>2021</u>
Turnover	39,847,901	30,157,417
Gross profit	5,367,828	3,328,240
Profit/ (Loss) before tax	(251,272)	(113,877)
Shareholder funds	(97,835)	273,903

On behalf of the board



.....
S Giles
Director

Date:6 March 2024.....

The directors present their annual report and financial statements for the period ended 30 June 2023.

Principal activities

The principal activity of the company and group continued to be that of private security activities.

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

R E Baldacci

J E Wakerley

S Giles

(Appointed 1 March 2023)

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The credit risk to the group is the failure of customers to fulfil their financial obligations to the group. This exposure is reduced due to the large number of customers, and managed by close credit controls and the terms and conditions of credit. The majority of contracts allow the group to pass on statutory wage increases through price increases therefore mitigating the risk of margin loss.

Liquidity and cash flow risk is the risk the group will be unable to generate enough cash resources in order to meet its financial obligations. The group manages this risk by ensuring that cash resources are generated and maintained sufficiently in order to meet the required payments when they fall due. The bank working capital facility is used to manage group liquidity and cash flow.

Objectives and policies

The group's main financial instruments are bank working capital facilities, bank loan, trade creditors and trade debtors. The bank loans have generally been used to fund company acquisitions within the group. The loans have covenants and charges against the group's assets. These could be exercised if the group fails to meet its obligations and generate sufficient profits as determined by the banks covenants.

Auditor

TC Group were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

WBW CITY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

On behalf of the board



.....
S Giles

Director

Date: 6 March 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2023

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 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 company, and of the profit or loss of the group 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WBW CITY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WBW CITY HOLDINGS LIMITED

Opinion

We have audited the financial statements of WBW City Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes of equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 the parent company's affairs as at 30 June 2023 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**TO THE MEMBERS OF WBW CITY HOLDINGS LIMITED**

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 the directors' report.

We have nothing to report in respect of the following matters where 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 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 company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WBW CITY HOLDINGS LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Grant
Senior Statutory Auditor

Date: 15/3/24.....

Brightfield Business Hub
Bakewell Road
Orton Southgate
Peterborough
Cambridgeshire
PE2 6XU

WBW CITY HOLDINGS LIMITED**GROUP PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 30 JUNE 2023**

		Period ended 30 June 2023 £	Year ended 31 December 2021 £
	Notes		
Turnover	3	39,847,901	30,157,417
Cost of sales		(34,480,073)	(26,829,177)
Gross profit		5,367,828	3,328,240
Administrative expenses		(5,430,663)	(3,427,002)
Other operating income		338,000	247,826
Operating profit	4	275,165	149,064
Interest receivable and similar income	7	488	214
Interest payable and similar expenses	8	(526,924)	(263,155)
Loss before taxation		(251,271)	(113,877)
Tax on loss	9	(120,467)	(70,929)
Loss for the financial period	23	(371,738)	(184,806)

Loss for the financial period is all attributable to the owners of the parent company.

WBW CITY HOLDINGS LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 30 JUNE 2023**

	Period ended 30 June 2023 £	Year ended 31 December 2021 £
Loss for the period	(371,738)	(184,806)
Other comprehensive income	-	-
Total comprehensive income for the period	(371,738)	(184,806)

Total comprehensive income for the period is all attributable to the owners of the parent company.

WBW CITY HOLDINGS LIMITED**GROUP BALANCE SHEET****AS AT 30 JUNE 2023**

	Notes	2023		2021	
		£	£	£	£
Fixed assets					
Goodwill	11		4,853,687		3,182,153
Tangible assets	12		108,727		135,190
			<u>4,962,414</u>		<u>3,317,343</u>
Current assets					
Debtors	15	6,709,986		7,426,546	
Cash at bank and in hand		236,614		627,668	
		<u>6,946,600</u>		<u>8,054,214</u>	
Creditors: amounts falling due within one year	16	(10,284,443)		(8,813,815)	
Net current liabilities			<u>(3,337,843)</u>		<u>(759,601)</u>
Total assets less current liabilities			<u>1,624,571</u>		<u>2,557,742</u>
Creditors: amounts falling due after more than one year	17		(1,718,768)		(2,280,096)
Provisions for liabilities					
Deferred tax liability	20	3,638		3,743	
		<u>3,638</u>		<u>(3,743)</u>	
Net (liabilities)/assets			<u>(97,835)</u>		<u>273,903</u>
Capital and reserves					
Called up share capital	22		300		300
Profit and loss reserves	23		(98,135)		273,603
Total equity			<u>(97,835)</u>		<u>273,903</u>

The financial statements were approved by the board of directors and authorised for issue on 6 March 24 and are signed on its behalf by:



.....
S Giles
Director

WBW CITY HOLDINGS LIMITED**COMPANY BALANCE SHEET****AS AT 30 JUNE 2023**

	Notes	2023 £	£	2021 £	£
Fixed assets					
Investments	13		9,695,923		7,234,057
Current assets					
Debtors	15		-		106,123
Creditors: amounts falling due within one year	16	(6,722,428)		(7,334,849)	
Net current liabilities			(6,722,428)		(7,228,726)
Net assets			2,973,495		5,331
Capital and reserves					
Called up share capital	22		300		300
Profit and loss reserves	23		2,973,195		5,031
Total equity			2,973,495		5,331

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,968,164 (2021 - £153,456 profit).

The financial statements were approved by the board of directors and authorised for issue on 6 March 24 and are signed on its behalf by:



S Giles
Director

Company Registration No. 11729338

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		300	608,409	608,709
Year ended 31 December 2021:				
Loss and total comprehensive income for the year		-	(184,806)	(184,806)
Dividends	10	-	(150,000)	(150,000)
Balance at 31 December 2021		300	273,603	273,903
Period ended 30 June 2023:				
Loss and total comprehensive income for the period		-	(371,738)	(371,738)
Balance at 30 June 2023		300	(98,135)	(97,835)

WBW CITY HOLDINGS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 30 JUNE 2023**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		300	1,575	1,875
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	153,456	153,456
Dividends	10	-	(150,000)	(150,000)
Balance at 31 December 2021		300	5,031	5,331
Period ended 30 June 2023:				
Profit and total comprehensive income for the period		-	2,968,164	2,968,164
Balance at 30 June 2023		300	2,973,195	2,973,495

WBW CITY HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2023

		2023		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	1,843,816		664,567	
Interest paid		(526,924)		(263,155)	
Income taxes paid		(74,122)		(405,278)	
Net cash inflow/(outflow) from operating activities		1,242,770		(3,866)	
Investing activities					
Purchase of tangible fixed assets		6,609	(50,835)		
Proceeds on disposal of tangible fixed assets		(19,655)	3,641		
Purchase of subsidiaries		(2,381,818)	(2,175,845)		
Interest received		488	214		
Net cash used in investing activities		(2,394,376)		(2,222,825)	
Financing activities					
Proceeds from borrowings		1,123,739	2,850,000		
Repayment of borrowings		(2,656,380)	(946,117)		
Payment of finance leases obligations		(24,157)	(15,521)		
Dividends paid to equity shareholders		-	(150,000)		
Net cash (used in)/generated from financing activities		(1,556,798)		1,738,362	
Net decrease in cash and cash equivalents		(2,708,404)		(488,329)	
Cash and cash equivalents at beginning of period		397,719		886,048	
Cash and cash equivalents at end of period		(2,310,685)		397,719	
Relating to:					
Cash at bank and in hand		236,614		627,668	
Bank overdrafts included in creditors payable within one year		(2,547,299)		(229,949)	

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2023

1 Accounting policies

Company information

WBW City Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 6 North Street, Oundle, Peterborough, England, PE8 4AL.

The group consists of WBW City Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company WBW City Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Reporting period

In consideration of significant transactions transpiring across the group, the group opted to extend its reporting period from 31 December 2022 to 30 June 2023. Consequently, the financial statements and corresponding notes provided herein reflect an 18-month period, rendering comparative amounts not entirely comparable. The decision to adjust the reporting period has been made in accordance with prudent accounting practices to ensure a more accurate representation of the financial affairs of the Group.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies**(Continued)****1.7 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.8 Tangible fixed assets

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

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

Leasehold land and buildings	10% straight line
Plant and equipment	33% straight line & 25% reducing balance
Fixtures and fittings	33% Straight line
Office Equipment	33% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies**(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

1 Accounting policies**(Continued)*****Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

1 Accounting policies

(Continued)

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2023 £	2021 £
Turnover analysed by class of business		
Rendering of services	39,847,901	30,157,417
	<u> </u>	<u> </u>
	2023 £	2021 £
Other significant revenue		
Government grants	-	227,160
Other income	338,000	20,666
	<u> </u>	<u> </u>

4 Operating profit

	2023 £	2021 £
Operating profit for the period is stated after charging/(crediting):		
Government grants	-	(227,160)
Depreciation of owned tangible fixed assets	51,667	53,514
Depreciation of tangible fixed assets held under finance leases	-	4,088
(Profit)/loss on disposal of tangible fixed assets	(5,317)	1,707
Amortisation of intangible assets	800,917	266,357
Operating lease charges	353,402	147,559
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	33,000	15,000
	<u> </u>	<u> </u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

5 Auditor's remuneration (Continued)**For other services**

All other non-audit services	102,770	78,344
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6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2023 Number	2021 Number	Company 2023 Number	2021 Number
Administration and support	35	50	-	-
Other departments	367	401	-	-
Total	402	451	-	-

Their aggregate remuneration comprised:

	Group 2023 £	2021 £	Company 2023 £	2021 £
Wages and salaries	16,350,884	8,819,432	-	-
Social security costs	878,520	410,658	-	-
Pension costs	187,245	133,702	-	-
	17,416,649	9,363,792	-	-

7 Interest receivable and similar income

	2023 £	2021 £
Interest income		
Interest on bank deposits	488	214

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	488	214
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8 Interest payable and similar expenses

	2023	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	307,887	118,375
Other interest on financial liabilities	214,186	141,781
	<u>522,073</u>	<u>260,156</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,798	2,999
Other interest	1,053	-
	<u>526,924</u>	<u>263,155</u>
Total finance costs	<u><u>526,924</u></u>	<u><u>263,155</u></u>

9 Taxation

	2023	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	147,648	77,686
Adjustments in respect of prior periods	(23,911)	-
	<u>123,737</u>	<u>77,686</u>
Total current tax	<u><u>123,737</u></u>	<u><u>77,686</u></u>
Deferred tax		
Origination and reversal of timing differences	(3,270)	(6,757)
	<u><u>(3,270)</u></u>	<u><u>(6,757)</u></u>
Total tax charge	<u><u>120,467</u></u>	<u><u>70,929</u></u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

9 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2023 £	2021 £
Loss before taxation	(251,271)	(113,877)
Expected tax credit based on the standard rate of corporation tax in the UK of 20% (2021: 19.00%)	(50,254)	(21,637)
Tax effect of expenses that are not deductible in determining taxable profit	14,125	44,440
Group relief	(542)	883
Permanent capital allowances in excess of depreciation	1,112	-
Amortisation on assets not qualifying for tax allowances	160,183	50,608
Other non-reversing timing differences	(3,546)	5,361
Deferred tax adjustments in respect of prior years	-	(8,726)
Tax at marginal rate	(611)	-
Taxation charge	120,467	70,929

10 Dividends

	2023 £	2021 £
Recognised as distributions to equity holders:		
Final paid	-	150,000

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 January 2022	3,708,463
Additions - business combinations	2,472,451
	<hr/>
At 30 June 2023	6,180,914
	<hr/>
Amortisation and impairment	
At 1 January 2022	526,310
Amortisation charged for the period	800,917
	<hr/>
At 30 June 2023	1,327,227
	<hr/>
Carrying amount	
At 30 June 2023	4,853,687
	<hr/>
At 31 December 2021	3,182,153
	<hr/>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

12 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Office Equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2022	88,003	110,400	11,905	23,328	72,687	306,323
Additions	-	-	1,731	1,459	14,595	17,785
Business combinations	-	443	1,479	-	5,497	7,419
At 30 June 2023	88,003	110,843	15,115	24,787	92,779	331,527
Depreciation and impairment						
At 1 January 2022	12,155	101,667	5,563	9,442	42,306	171,133
Depreciation charged in the period	13,200	6,441	7,043	11,437	13,546	51,667
At 30 June 2023	25,355	108,108	12,606	20,879	55,852	222,800
Carrying amount						
At 30 June 2023	62,648	2,735	2,509	3,908	36,927	108,727
At 31 December 2021	75,848	8,733	6,342	13,886	30,381	135,190

The carrying value of land and buildings comprises:

	Group 2023	2021	Company 2023	2021
	£	£	£	£
Short leasehold	62,648	75,848	-	-

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	2021 £	Company 2023 £	2021 £
Fixtures and fittings	30,262	2,361	-	-
Motor vehicles	-	5,271	-	-
Office Equipment	-	886	-	-
	<u>30,262</u>	<u>8,518</u>	<u>-</u>	<u>-</u>

13 Fixed asset investments

	Notes	Group 2023 £	2021 £	Company 2023 £	2021 £
Investments in subsidiaries	14	-	-	9,695,923	7,234,057

Movements in fixed asset investments
Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	7,234,057
Additions	2,461,866
At 30 June 2023	<u>9,695,923</u>
Carrying amount	
At 30 June 2023	<u>9,695,923</u>
At 31 December 2021	<u>7,234,057</u>

14 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 are as follows:

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

14 Subsidiaries

(Continued)

Name of undertaking	Registered office		Class of shares held	% Held	
				Direct	Indirect
City Security Services Limited	England & Wales		Ordinary	100.00	-
GR8 Security Limited	England & Wales		Ordinary	100.00	-
Sight & Sound Security Limited	England & Wales	S479A	Ordinary	100.00	-
K9 Security Holdings Limited	England & Wales	S479A	Ordinary	100.00	-
K9 Patrol Limited	England & Wales	S479A	Ordinary	-	100.00

Those subsidiaries indicated in the table above as 'S479A' are exempt from the requirements of an audit in accordance with section 479A of the companies act 2006.

15 Debtors

	Group 2023	2021	Company 2023	2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	5,924,952	5,129,553	-	-
Other debtors	360,773	862,000	-	106,123
Prepayments and accrued income	424,261	1,434,993	-	-
	<u>6,709,986</u>	<u>7,426,546</u>	<u>-</u>	<u>106,123</u>

16 Creditors: amounts falling due within one year

		Group 2023	2021	Company 2023	2021
	Notes	£	£	£	£
Bank loans and overdrafts	18	3,100,622	555,950	-	-
Obligations under finance leases	19	9,286	14,326	-	-
Other borrowings	18	16	1,925,998	-	-
Trade creditors		2,910,450	1,783,361	-	-
Amounts owed to group undertakings		-	-	5,801,833	6,478,094
Corporation tax payable		140,912	77,686	-	-
Other taxation and social security		1,165,876	1,088,419	-	-
Other creditors		1,736,408	1,886,397	920,595	856,755
Accruals and deferred income		1,220,873	1,481,678	-	-
		<u>10,284,443</u>	<u>8,813,815</u>	<u>6,722,428</u>	<u>7,334,849</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

17 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2021 £	Company 2023 £	2021 £
Bank loans and overdrafts	18	1,710,763	1,533,983	-	-
Obligations under finance leases	19	8,005	27,122	-	-
Other borrowings	18	-	718,991	-	-
		<u>1,718,768</u>	<u>2,280,096</u>	<u>-</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	55,555	259,586	-	-
	<u>55,555</u>	<u>259,586</u>	<u>-</u>	<u>-</u>

18 Loans and overdrafts

	Group 2023 £	2021 £	Company 2023 £	2021 £
Bank loans	2,264,086	1,859,984	-	-
Bank overdrafts	2,547,299	229,949	-	-
Other loans	16	2,644,989	-	-
	<u>4,811,401</u>	<u>4,734,922</u>	<u>-</u>	<u>-</u>
Payable within one year	3,100,638	2,481,948	-	-
Payable after one year	<u>1,710,763</u>	<u>2,252,974</u>	<u>-</u>	<u>-</u>

The long-term loans are secured by fixed charges over all assets of the GR8 Security Limited dated 19/03/2021.

The long-term loans are secured by fixed charges over all assets of the City Security Services Limited dated 19/03/2021.

The long-term loans are secured by fixed charges over all assets of the Sight & Sound Security Limited dated 21/10/2021.

The bank loans are secured by a joint and several personal guarantee from J E Wakerley and R E Baldacci Limited to £200,000.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

19 Finance lease obligations

	Group		Company	
	2023	2021	2023	2021
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	9,286	14,326	-	-
In two to five years	8,005	14,430	-	-
In over five years	-	12,692	-	-
	<u>17,291</u>	<u>41,448</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities
	2023	2021
	£	£
Group		
Accelerated capital allowances	<u>3,638</u>	<u>3,743</u>

The company has no deferred tax assets or liabilities.

	Group	Company
	2023	2023
	£	£
Movements in the period:		
Liability at 1 January 2022	3,743	-
Credit to profit or loss	(3,270)	-
Transfer on acquisition	<u>3,165</u>	<u>-</u>
Liability at 30 June 2023	<u>3,638</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2023	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>187,245</u>	<u>133,702</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

22 Share capital

Group and company	2023	2021	2023	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary A shares of £1 each	100	100	100	100
Ordinary B Shares of £1 each	100	100	100	100
Ordinary C shares of £1 each	100	100	100	100
	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

23 Reserves**Group****Share capital**

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes all current and prior year retained profits and losses at the balance sheet date.

Company**Share capital**

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes all current and prior period retained profits and losses at the balance sheet date.

24 Acquisition of a business

On 07 July 2022 the group acquired 100 percent of the issued capital of K9 Security Holdings Limited which owns 100 percent of the issues share capital of K9 Patrol Limited.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Cash and cash equivalents	11,033	-	11,033
Tangible assets	7,418	-	7,418
Debtors	996,956	-	996,956
Borrowings	(310,321)	-	(310,321)
Other creditors	(616,781)	-	(616,781)
Taxation	(84,692)	-	(84,692)
Deferred tax	(3,165)	-	(3,165)
	<u>448</u>	<u>-</u>	<u>448</u>
Goodwill			2,513,352
Total consideration			<u>2,513,800</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	3,067,084
Loss after tax	<u>(36,435)</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2023

25 Operating lease commitments**Lessee**

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

	Group		Company	
	2023	2021	2023	2021
	£	£	£	£
Within one year	109,336	243,026	-	-
Between two and five years	225,616	229,555	-	-
	<u>334,952</u>	<u>472,581</u>	<u>-</u>	<u>-</u>

26 Related party transactions**Transactions with related parties**

The company has taken advantage of exemption, under the terms of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Summary of transactions with key management

During the year key management received advances totalling £1,286,812 (2021 - £691,954) and made repayments of £2,500,000 (2021 - £205,950). At the balance sheet date balances due to key management totalled £621,181 (2021 - £Nil). At the balance sheet date balances due from key management totalled £486,004 (2021 - £592,007). There was no further remuneration with key management other than directors' remuneration. There are no members of key management other than directors.

Summary of transactions with entities with joint control or significant interest

During the year sales totalling £400,518 (2021 - £99,302) were made to entities with joint control or significant interest. Purchases totalling £563,396 (2021 - £546,234) were made from entities with joint control or significant interest. During the year loans totalling £365,600 (2021 - £337,265) were made to entities with joint control or significant influence, during the year £Nil (2021 - £352,265) of loans to entities with joint control or significant influence were written off.

At the balance sheet date the amount due from entities with joint control or significant interest was £20,000 (2021 - £208,765). At the balance sheet date the amount due to entities with joint control or significant interest was £Nil (2021 - £79,146).

27 Cash generated from group operations

	2023 £	2021 £
Loss for the period after tax	(371,738)	(184,804)
Adjustments for:		
Taxation charged	120,467	70,929
Finance costs	526,924	263,155
Investment income	(488)	(214)
Bad and doubtful debts	40,307	-
(Gain)/loss on disposal of tangible fixed assets	(6,370)	1,707
Depreciation and impairment of tangible fixed assets	51,667	323,959
Goodwill amortization	800,917	-
Related party write off	-	677,265
Movements in working capital:		
Decrease in debtors	2,114,881	195,051
Decrease in creditors	(1,432,751)	(682,481)
Cash generated from operations	<u>1,843,816</u>	<u>664,567</u>

28 Analysis of changes in net debt - group

	1 January 2022 £	Cash flows £	Other non- cash changes £	30 June 2023 £
Cash at bank and in hand	627,668	(391,054)	-	236,614
Bank overdrafts	(229,949)	(2,317,350)	-	(2,547,299)
	<u>397,719</u>	<u>(2,708,404)</u>	<u>-</u>	<u>(2,310,685)</u>
Borrowings excluding overdrafts	(4,504,973)	2,193,036	47,835	(2,264,102)
Obligations under finance leases	(41,448)	24,157	-	(17,291)
	<u>(4,148,702)</u>	<u>(491,211)</u>	<u>47,835</u>	<u>(4,592,078)</u>