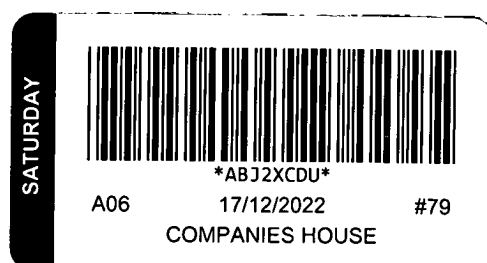


Company Registration No. 05838576 (England and Wales)

**VPS SITE SECURITY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



# VPS SITE SECURITY LIMITED

## COMPANY INFORMATION

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Directors	L Newman R Jones S Rock
Secretary	S Hardyman
Company number	05838576
Registered office	Broadgate House Broadway Business Park Chadderton OL9 9XA
Auditor	KPMG LLP One St Peter's Square Manchester M2 3AE

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# **VPS SITE SECURITY LIMITED**

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# VPS SITE SECURITY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2022

The directors present the annual report and financial statements for the year ended 31 March 2022.

#### Principal activities

The Company is a market leading provider of specialist temporary security for vacant properties, infrastructure sites and construction projects. The Company provides an integrated security proposition using our unique Intelligent Triple Protection solution, blending Physical Protection (Steel Doors and Steel Panels) and Monitored Technology (Alarms and CCTV Towers) as well as Human Intervention (Manned Guarding).

#### Review of business

The directors are satisfied with the results of the year. The global coronavirus pandemic presented an unprecedented challenge, and the directors are encouraged by the overall response to that challenge. Our core businesses proved their resilience against the backdrop of the pandemic and posted robust results, increasing operating profit by £443,000 to £1,125,000 (2021: £682,000 profit).

In June 2021 the VPS Group completed on a refinancing exercise to put in place a new funding structure with a new lender, Deutsche Bank AG. Under the new arrangement, the VPS Group's previous facility was repaid and replaced with a £90m facility comprised of £67.5m Senior Debt, £10m Revolving Credit Facility ("RCF"), and £12.5m Acquisition Credit Facility ("ACF").

#### Key performance indicators

The Company considers the following to be its key performance indicators:

	Notes	2022	2021	Year on year movement
Turnover £'000		6,215	7,650	-18.8%
Gross profit margin		41.4%	42.4%	-1.0 ppts
Adjusted EBITDA	1.15, 2	1,434	1,790	-19.9%
Towers deployed		714	461	54.9%

Turnover declined by 18.8% but the profit before taxation of £1,107,000 (2021: £13,000 loss), representing an improvement of £1,120,000. The Company received no grants under the UK government's Job Retention Scheme during the year (2021: £99,000), meaning that the lost grant income has been more than offset by the success of cost optimisation programmes initiated by management in the previous year.

#### Strategy

The Company is part of the VPS Group, which is focused on "providing Value, Protection & Security to our colleagues and customers" and is focused on the following:

1. Implementing a **Divisional Structure** with a Lean Group Overhead
2. Improving **Controls** (both for Financial and Health & Safety related functions)
3. Improving Employee **Engagement**
4. Trading Themes:
  - a. **Customer Proximity** – developing customer intimacy and agilely solving their problems
  - b. **Commercially Responsive** – being responsive, knowledgeable and ambitious
  - c. **Trusted Service** – ensuring that our cost to serve model allows us to offer value to our customers
  - d. **Easy to work with** – ensuring that our systems and support functions enable us to deliver highest quality of services to our customers and colleagues

The Company believes that there are growth opportunities in existing geographical markets by increasing market share, offering new products and services to existing clients, expanding regionally, and offering existing products and services to new clients.

# VPS SITE SECURITY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### Principal risks and uncertainties

The Company considers the following to be its principal risks to the development, performance, position or future prospects of the Company.

An assessment of each risk is provided below. The risks have not been presented in order of priority or importance.

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
<b>People (moderate risk)</b> Ability to attract and retain high-quality and capable colleagues at all levels of the organisation.	<ul style="list-style-type: none"><li>- Provide and maintain a safe environment for all employees</li><li>- Operate a remuneration structure designed to encourage performance</li><li>- Embed employee engagement and proactive employee development into business processes</li></ul>	<ul style="list-style-type: none"><li>- Employee Engagement</li><li>- Controls (Health &amp; Safety)</li></ul>
<b>Changes in market demands (low risk)</b> There are trends in certain sectors of the market that are moving towards technology-driven security solutions in place of the traditional manned guarding or fixed CCTV security solutions.	<ul style="list-style-type: none"><li>- The Company's technology driven solutions are often less than 10% of the cost of traditional manned guarding</li><li>- New Product Development Framework guides investments in and development of new products and solutions</li><li>- Innovative use of technology tailored to client needs</li></ul>	<ul style="list-style-type: none"><li>- Intelligent Triple Protection</li><li>- Commercially Responsive</li><li>- Customer Proximity</li><li>- Disruptor to manned guarding</li></ul>
<b>Liquidity (moderate risk)</b> The liquidity position of the Group is underpinned by bank borrowings; any non-compliance with financial banking covenants may have a significant impact on the Company's liquidity position.	<ul style="list-style-type: none"><li>- Strong treasury management controls</li><li>- Rigorous budgeting, planning and monitoring processes on financial covenants to ensure sufficient headroom for the business at all times</li><li>- Free cash flow is a key performance metric for all parts of the Group</li></ul>	<ul style="list-style-type: none"><li>- Controls (Financial)</li></ul>
<b>Competition and pricing (moderate risk)</b> Certain components of the services provided by the Company have lower barriers to entry. In some sectors, small competitors are attempting to compete for tenders based primarily on lower prices.  Social housing budgets in some of our key markets have been reducing in recent years, which have led to an increased focus by customers on pricing.  The Company is also facing higher costs due to general inflationary pressures and a significant increase in energy prices.	<ul style="list-style-type: none"><li>- Provide quality services and solutions</li><li>- Often the Company is the only service provider that can provide property services, security and other labour-based services across a geographical market.</li><li>- Company reviews its pricing structures periodically in line with inflation, whilst also ensuring that the cost to serve clients is competitive versus lower cost providers. It is very important to ensure the Company delivers value to its clients.</li></ul>	<ul style="list-style-type: none"><li>- Customer Proximity</li><li>- Commercially Responsive</li><li>- Trusted Service</li><li>- Easy to work with</li></ul>

# VPS SITE SECURITY LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### Principal risks and uncertainties (continued)

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
<p><b>Credit risk (moderate risk)</b> The Company has limited exposure to credit loss in the social housing and local authority markets. In the Commercial sector, the majority of the Company's customers are recognised international property managers and large corporate landowners with a low credit risk.</p> <p>The Company however recognises that the construction sector, a key vertical market for growth for Group, has an inherently higher credit risk.</p>	<ul style="list-style-type: none"> <li>- Strong credit control frameworks, including use of external reference points</li> </ul>	<ul style="list-style-type: none"> <li>- Controls (Financial)</li> <li>- Easy to work with</li> </ul>
<p><b>Information technology systems (moderate risk)</b> The Company operates a number of information technology systems including some that are bespoke and customised for the operations of the business.</p> <p>Any failures to these systems would have an impact on our ability to deliver quality services our customers.</p>	<ul style="list-style-type: none"> <li>- Plans are in place to upgrade and/or replace existing systems</li> <li>- Full disaster recovery plans are in place</li> </ul>	<ul style="list-style-type: none"> <li>- Easy to work with</li> </ul>
<p><b>Technology obsolescence (low risk)</b> The Company maintains a fleet of security equipment that utilises various technologies to provide security services.</p> <p>As new technologies are developed our fleet of equipment may become less competitive on operational cost or on functionalities</p>	<ul style="list-style-type: none"> <li>- Full refurbishment and maintenance program in place</li> <li>- New Product Development Framework guides investments in and development of new equipment</li> </ul>	<ul style="list-style-type: none"> <li>- Trusted Service</li> <li>- Controls (Financial)</li> </ul>
<p><b>Covid 19 (low risk)</b> Potential for reduction in volume of business or ability to trade due to further Covid 19 outbreaks or related government restrictions</p>	<ul style="list-style-type: none"> <li>- The Company continues to respond dynamically to the evolving risks and challenges arising from the pandemic. We will continue with the management approach followed throughout the pandemic, enabling us to react swiftly to protect our key stakeholders</li> <li>- Our priorities remain the health and safety of our colleagues, customer service, financial discipline and business continuity, which we have further invested in</li> </ul>	<ul style="list-style-type: none"> <li>- Controls (Health &amp; Safety, Financial)</li> <li>- Commercially responsive</li> <li>- Trusted Service</li> </ul>

## VPS SITE SECURITY LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

<b>Brexit (low risk)</b> Risk that the Company's ability to competitively trade across Europe is negatively impacted by the UK having left the EU	<ul style="list-style-type: none"><li>- Processes and controls have been put in place to ensure any increase in administrative burden does not affect the supply of equipment</li><li>- The Company will continue to monitor the situation but believes there is no risk to ongoing trading or the supply of products</li></ul>	<ul style="list-style-type: none"><li>- Easy to work with</li><li>- Commercially responsive</li><li>- Trusted service</li></ul>
<b>Ukraine conflict (moderate risk)</b> Risk that the Ukraine conflict adversely impacts the Company through increased costs to serve and supply chain volatility (movement of goods and cost)	<ul style="list-style-type: none"><li>- Scenario modelling of key commodity / energy costs built into budget and re-forecasting</li><li>- Close relationship with key suppliers, with key stock lines identified and mitigations in place, as monitored by Procurement teams</li><li>- Trigger points in each business unit for when cost increases require passing through to clients</li></ul>	<ul style="list-style-type: none"><li>- Controls (Financial)</li><li>- Easy to work with</li><li>- Commercially responsive</li><li>- Trusted service</li></ul>

# VPS SITE SECURITY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### Engaging with our stakeholders

A director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. By understanding our stakeholders, we can factor into discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

The directors consider that the following groups are the Company's key stakeholders. The directors seek to understand the respective interests of such stakeholder groups so that these may be properly considered in decisions. The directors do this through various methods including: direct engagement by board members; receiving reports and updates from members of management who engage with such groups; and coverage in our board papers of relevant stakeholder interests with regard to proposed courses of action. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

Stakeholder	Their interests	How we engage
Our people	<ul style="list-style-type: none"><li>- Health and safety and working conditions</li><li>- Training, development and prospects</li><li>- Fair pay and benefits</li></ul>	<ul style="list-style-type: none"><li>- Regular training sessions</li><li>- Intranet, all-colleague emails and newsletters</li><li>- Workforce posters and communications</li><li>- Whistleblowing services</li><li>- Annual Employee engagement survey reported to the executive board</li><li>- Board receives reports on a range of people matters</li><li>- Board provides regular business updates which are shared widely</li><li>- Leadership walks</li><li>- People steering group</li></ul>
Our customers	<ul style="list-style-type: none"><li>- Safety</li><li>- Service and product performance</li><li>- Range of solutions</li><li>- Efficiency</li></ul>	<ul style="list-style-type: none"><li>- Initial meetings and negotiations</li><li>- KPIs and feedback</li><li>- Customer complaints</li><li>- Contact centre</li><li>- Health and safety steering group</li><li>- Marketing and communications</li><li>- Executive director approval on significant contracts</li><li>- Executive director engagement with senior executives of major customers</li><li>- Board updates on trading and customer initiatives</li><li>- Customer interests considered in key executive decisions</li></ul>
Our suppliers	<ul style="list-style-type: none"><li>- Performance</li><li>- Quality</li><li>- Capability</li><li>- Payment terms</li><li>- Fair trading</li><li>- Anti-bribery and corruption</li><li>- Anti-slavery</li><li>- Long term partnerships</li><li>- Terms and conditions</li></ul>	<ul style="list-style-type: none"><li>- Initial meeting and negotiations</li><li>- Senior management engagement</li><li>- Corporate responsibility reporting</li><li>- Board approval on significant orders</li></ul>



# VPS SITE SECURITY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

Our investors	<ul style="list-style-type: none"><li>- Comprehensive view of financial performance of the business</li><li>- Comprehensive and reliable future plans</li><li>- Environmental, social and governance factors</li></ul>	<ul style="list-style-type: none"><li>- Regular meetings</li><li>- Annual report</li><li>- Corporate website</li><li>- ESG reporting</li><li>- Off-site days</li></ul>
Regulatory bodies	<ul style="list-style-type: none"><li>- Health and safety</li><li>- Compliance with regulators</li><li>- Worker pay and conditions</li><li>- Consumer protections</li></ul>	<ul style="list-style-type: none"><li>- Direct engagement with regulators</li><li>- Regular reports from business on range of regulatory and issues to executive board</li></ul>

#### Streamlined Energy and Carbon Reporting statement (SECR)

As the consolidated financial statements of Tyrion Security Topco Limited include the equivalent disclosures, the Company has taken the exemptions under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 paragraph 20A regarding disclosure in the Company financial statements.

On behalf of the board



.....  
R Jones

**Director**

9 December 2022

# **VPS SITE SECURITY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2022**

---

The directors present their annual report and financial statements for the year ended 31 March 2022.

#### **Results and dividends**

The results for the year are set out on page 14.

No ordinary dividends were paid during the year (2021: £nil). The directors do not recommend payment of a final dividend.

#### **Directors**

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

L Newman  
R Jones  
D Cavanagh (resigned 31 March 2022)  
S Rock (appointed 22 November 2022)

#### **Political donations**

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2021: £nil).

#### **Employee involvement**

During the year, the policy of providing colleagues with information about the Company has continued through regular updates and divisional meetings. Colleagues are actively encouraged to present their suggestions and views on the Company's performance. A free flow of information between the directors, managers and other colleagues ensures that every person has an opportunity to contribute ideas to the Company.

The Company is committed to offering equal opportunities to all; no colleague or potential colleague receives more or less favourable treatment due to their gender, age, race, national or ethnic origin, disability, sexual orientation, or marital status. The Company is committed to the training and development of all colleagues and to providing a productive working environment.

Should a colleague's circumstances change, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever possible.

#### **Going concern**

The directors have prepared the accounts using the going concern assumption. In doing so they have considered severe yet plausible downside scenarios, more details of which are set out in Note 1 to the financial statements.

#### **Future developments**

The directors continue to recognise the additional value created by continued investment in both product and technology.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

# **VPS SITE SECURITY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



.....  
R Jones

**Director**

9 December 2022

Broadgate House  
Broadway Business Park  
Chadderton  
OL9 9XA

# VPS SITE SECURITY LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **Statement of directors' responsibilities in respect of the Strategic report, the Director's report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF VPS SITE SECURITY LIMITED**

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#### **Opinion**

We have audited the financial statements of VPS Site Security Limited ("the company") for the year ended 31 March 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF VPS SITE SECURITY LIMITED**

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#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included

- Enquiring of directors and management as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of meetings of the Board of Directors.
- Performing analytical procedures to identify any unusual or unexpected relationships.
- Considering remuneration incentive schemes and performance targets for directors, senior management and sales staff.
- Assistance of forensic specialists to evaluate the high level of unmatched items on the sales ledger.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk in respect of the inappropriate treatment of unmatched items on the sales ledger. This was in response to management's actions to improve the control environment in this area.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- Auditing a sample of revenue transactions around the year end to ensure the appropriate accounting treatment.
- Assessing whether the treatment of unmatched items on the sales ledger was appropriate and consistent with the supporting documentation and analysis.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

##### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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, 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 communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF VPS SITE SECURITY LIMITED**

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Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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 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.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

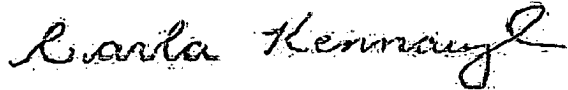
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF VPS SITE SECURITY LIMITED**

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**The purpose of our audit work and to whom we owe our responsibilities**

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.



9 December 2022

**Carla Kennaugh**

**for and on behalf of KPMG LLP**

**Senior Statutory Auditor**

**Chartered Accountants**

One St Peters Square  
Manchester  
M2 3AE



# VPS SITE SECURITY LIMITED

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	6,215	7,650
Cost of sales		(3,639)	(4,405)
<b>Gross profit</b>		<b>2,576</b>	<b>3,245</b>
Administrative expenses		(1,443)	(2,665)
Impairment (loss) / gain on trade debtors and contract assets		(8)	3
Other operating income		-	99
<b>Operating profit</b>	4	<b>1,125</b>	<b>682</b>
Interest payable and similar expenses	7	(18)	(695)
<b>Profit before taxation</b>		<b>1,107</b>	<b>(13)</b>
Taxation	8	565	-
<b>Profit / (loss) and total comprehensive income for the financial year</b>		<b>1,672</b>	<b>(13)</b>

The Profit and loss account and other comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses for 2022 or 2021 other than those included in the Profit and loss account and other comprehensive income.

All of the total comprehensive income is attributable to the equity holder of the parent undertaking.

The accompanying notes form an integral part of these financial statements.

# VPS SITE SECURITY LIMITED

## BALANCE SHEET

**AS AT 31 MARCH 2022**

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	9	-	1
Tangible fixed assets	10	1,062	1,013
		<u>1,062</u>	<u>1,014</u>
<b>Current assets</b>			
Stocks	11	630	451
Contract assets	3	40	103
Debtors	12	1,337	1,328
Cash at bank and in hand		213	1,597
		<u>2,220</u>	<u>3,479</u>
<b>Current liabilities</b>			
Contract liabilities	3	(9)	(72)
Creditors	13	(12,806)	(23,431)
<b>Net current liabilities</b>		<u>(10,595)</u>	<u>(20,024)</u>
<b>Total assets less current liabilities</b>		<u>(9,533)</u>	<u>(19,010)</u>
Creditors: amounts falling due after more than one year	13	(7,853)	(50)
<b>Provisions for liabilities</b>			
Other provisions	16	(22)	(20)
<b>Net liabilities</b>		<u>(17,408)</u>	<u>(19,080)</u>
<b>Capital and reserves</b>			
Share capital	18	1,115	1,115
Share premium account	19	7,439	7,439
Profit and loss account	20	(25,962)	(27,634)
		<u>(17,408)</u>	<u>(19,080)</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 9 December 2022 and are signed on its behalf by:



.....  
R Jones  
Director

Company Registration No. 05838576

## VPS SITE SECURITY LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

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	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2020	1,115	7,439	(27,621)	(19,067)
Year ended 31 March 2021:				
Loss and total comprehensive income for the year	-	-	(13)	(13)
Balance at 31 March 2021	1,115	7,439	(27,634)	(19,080)
Year ended 31 March 2022:				
Profit and total comprehensive income for the year	-	-	1,672	1,672
Balance at 31 March 2022	1,115	7,439	(25,962)	(17,408)

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# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

##### Company information

VPS Site Security Limited is a private company limited by shares incorporated in England and Wales. The registered office is Broadgate House, Broadway Business Park, Chadderton, OL9 9XA,

#### 1.1 Basis of preparation

The principal accounting policies adopted by the Company are set out below. These policies have been applied consistently to all periods presented unless otherwise stated. The financial statements were authorised for issue by the Company's board of directors.

##### Compliance with Financial Reporting Standard 101

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company results are presented in Sterling, rounded to the nearest thousand.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Tyrion Security Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

##### Use of judgement and estimates

The preparation of the financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities where values are not readily apparent from other sources. Management is also required to exercise judgement, other than those involving estimations, in the application of the Company's accounting policies.

Areas where judgement and estimates have been applied that have a significant impact on the financial statements are detailed in note 1.16.

##### Measurement convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

Notwithstanding net liabilities of £17,408,000 as at 31 March 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a 2 year period to March 2024, which is at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from Tyrion Security Topco Limited, a group company, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Group not seeking repayment of the amounts currently due to the Group, which at 31 March 2022 amounted to £19,522,000, and providing additional financial support during that period. Tyrion Security Topco Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Management has produced Group and Company forecasts that have also been sensitised to reflect severe but plausible downside scenarios as a result of the COVID-19 pandemic and its impact on the global economy, which have been reviewed by the directors. These demonstrate the Group is forecast to generate sufficient profits and cash in the year ending 31 March 2023 and beyond, and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

On 1 June 2021 the Group completed a refinance. All loan facilities outstanding at the balance sheet date were repaid in full and a new loan facility was agreed sufficient to meet the funding of the Company on an ongoing basis. The new Group loan facility is a £90 million facility comprising £67.5 million term loan, £12.5 million acquisition credit facility and £10 million revolving credit facility and the Directors are confident that the new facility is serviceable. As at the balance sheet date, the term loan and the revolving credit facility were fully drawn whilst the acquisition credit facility was undrawn. The new facility expires May 2028 with no principal repayments falling due before then. The Company is not a borrower under the new facility but has guaranteed the borrowings of its fellow Group undertakings.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Revenue from contracts with customers is recognised consistent with the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual goods and services provided to the end of the reporting period as a proportion of the total goods and services to be provided. This is determined based on an allocation of the transaction price to each performance obligation of the contract.

The transaction price is measured at fair value of the consideration received or receivable, excluding sales taxes.

The Company's major services and product lines are as follows:

##### *Security Services*

Security Services are used to improve the security of properties and sites for a period of time. The service includes access controls, monitoring including the use of equipment such as alarms, security towers and steel security screens. Revenue from security services are recognised over time based on actual services provided in proportion to the period contracted for the services.

##### *Other*

Goods and services provided by the Company that are principally fulfilled at a point in time. Revenue is recognised when the goods and services are provided.

#### 1.4 Intangible assets other than goodwill

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

Amortisation is provided on the following basis:

Software	-	5 years
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#### 1.5 Tangible fixed assets

Tangible fixed assets 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.

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:

Fixtures and fittings	20-33% per annum
Rental equipment	20% per annum
Motor vehicles	25% per annum

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies**

**(Continued)**

#### **1.5 Tangible fixed assets (continued)**

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, or more frequently 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 the Profit and loss account and other comprehensive income.

#### **1.6 Financial Instruments**

##### **Classification and measurement**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit and loss ("FVTPL"). This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies**

**(Continued)**

#### **1.6 Financial instruments (continued)**

Financial instruments issued by the Company are recognised as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### **Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Profit and loss account.

#### **1.7 Inventories**

At each balance sheet date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.



# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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1 Accounting policies

(Continued)

1.8 Non-derivative financial instruments

***Trade and other receivables including contract assets***

Trade receivables are measured initially at transaction price and other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less allowance for credit losses.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand, deposits held on call and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

***Trade and other payables including contract liabilities***

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

***Interest-bearing loans and borrowings***

Interest-bearing loans and borrowings are recognised initially at fair value net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

***Equity instruments***

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.9 Taxation

Tax is recognised in the Profit and loss account and other comprehensive income, except for amounts attributable to an item recognised directly in equity, in which case the related tax would also be recognised in equity.

##### **Current tax**

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

##### **Deferred Tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

##### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

##### 1.11 Pension

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 the Profit and loss account and other comprehensive income 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.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.12 Expenses

###### **Financing income and expenses**

Financing expenses comprise interest payable, the financing element of finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the Profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

##### 1.13 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified assets, which may be specified explicitly or implicitly, and should physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the assets throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has decision making rights that are most relevant to changing how and for what purpose the asset is used.

At the inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

###### **As a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the assets or the end of the lease term. The estimated useful lives of the right to use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies**

**(Continued)**

#### **1.13 Leases (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments, included in the measurement of lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payment under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use assets has been reduced to zero.

#### **Short term leases and leases of low value assets**

The Company has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **1.14 Grants**

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and that the grants will be received. These are recognised as other operating income.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.15 Alternative performance measures

In the reporting of financial information, the directors have adopted various alternative performance measures to provide additional useful information. These measures principally highlight underlying trends and performance, or function as key performance indicators.

Alternative performance measures are not defined under IFRS and are termed "non-GAAP measures". They are not designed to be a substitute for, or superior to, IFRS measures, and they may not be directly comparable to the similarly titled performance measures adopted by other entities.

The alternative performance measures presented in these financial statements are as follows:

##### **Non-underlying expenses**

Non-underlying expenses comprise of costs that are principally one-off or non-recurring in nature, including, but not limited to, expenditures incurred relating to business restructuring, potential acquisitions, loan refinancing, and other costs that are not reflective of the underlying performance of the Company.

The directors believe that presenting the financial results this way is relevant to the underlying financial performance of the Company, as non-underlying expenses are identified by virtue of their size, nature and incidence. The presentation is consistent with the financial performance reported to the Board of the Company and to senior management. In determining whether an event or a transaction is treated as a non-underlying administrative expense, management considers quantitative and qualitative factors such as frequency of occurrence.

##### **Adjusted EBITDA**

Adjusted EBITDA is a measure of the underlying operating profit. The measure excludes non-underlying administrative expenses, interest income and expenses, foreign exchange gains and loss, depreciation and amortisation.

Adjusted EBITDA is related to some of the measures used in a Senior Facility Agreement under which a consortium of banks provides credit facilities to the Group and is therefore a key indicator of the Group's liquidity.

Further details of adjusted EBITDA are provided in note 2 to these financial statements.

##### 1.16 Significant judgements and estimates

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities. Management is also required to exercise judgement, other than those involving estimations, in the application of the Company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

- In relation to the Company's property, plant and equipment, useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets. No circumstances have been identified to suggest that this is the case.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

- In determining the recoverable amount of a loan to a member of the VPS Group, the company is required to use estimates to determine the recoverable amount of the receivable based on information available which may include the use of forecasts or projections on the future performance of the subsidiary. Judgement is required to assess the assumptions used in the forecasts and projections, which may vary against actual future performance of the subsidiary, and may affect the actual recoverability of the loan.
- The Company has a provision for dilapidation expenditure. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot of office / depot space.
- The classification of an item of expenditure as non-underlying expenses requires judgement to determine whether the item of expenditure is part of the normal underlying operating activities (see note 2).
- In determining when revenue from a contract with a customer is to be recognised, it is necessary to determine the nature of the contractual obligations and when a customer obtains control of the goods and services. Determining the nature of the contractual obligations and timing of the transfer of control over goods and services require judgement.
- The Company has tax losses and other deductible temporary differences that have the potential to reduce tax payments in future years. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to the projected future taxable income and after taking into account specific risk factors that affect the recovery of these assets. These profit projections require judgement relating to the long-term growth prevalent in particular markets as well as short-term business performance. The directors draw upon experience as well as external resources in making these judgements.
- The Company applies the IFRS 9 model by calculating expected credit losses ("ECLs") based on historic loss rates, and taking into account known circumstances at year end to update the rates if required.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade debtors is disclosed in Note 12.

### 2 Adjusted EBITDA

	2022 £'000	2021 £'000
Operating profit	1,125	682
Depreciation	639	879
Amortisation	1	4
Impact of accounting standards:		
IFRS 9 (impairment of financial assets)	(78)	(14)
IFRS 16 (non-depreciation)	(95)	(113)
Management charges	258	282
Profit on disposal of tangible fixed assets	(1)	(23)
Exchange (gains)/losses	(8)	52
Non-recurring (income)/expenses	(407)	41
Adjusted EBITDA	1,434	1,790

Non-recurring income of (£407,000) includes £400,000 (2021: £nil) of intercompany loan provisions released during the year.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 3 Turnover

In the following table, turnover is disaggregated by primary geographical markets, major products / service lines and timing of revenue recognition.

	2022 £'000	2021 £'000
<b>Primary geographical locations</b>		
United Kingdom	6,215	7,650
	<u>6,215</u>	<u>7,650</u>
<b>Major products / service lines and revenue recognition:</b>		
Security services - over time	5,949	7,146
Other – principally point in time	266	504
	<u>6,215</u>	<u>7,650</u>

	2022 £'000	2021 £'000
<b>Contract assets and liabilities</b>		
Contract assets	40	103
Contract liabilities	(9)	(72)
	<u>31</u>	<u>31</u>

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	2022 £'000	2021 £'000
<b>Contract liabilities</b>		
Revenue recognised that was included in the contract liability balance at the beginning of the period	72	101
Increases due to cash received, excluding amounts recognised as revenue during the period	(9)	(72)
<b>Contract assets</b>		
Transfers from contract assets recognised at the beginning of the period to receivables	(103)	(111)
Increases as a result of changes in the measure of progress	32	100
Impairment of contract assets	8	3

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 3 Turnover

(Continued)

Contract assets primarily relate to the Company's rights to consideration for work completed but not invoiced at the reporting date. The contract assets are transferred to receivables when the Company issues an invoice to the customer.

Contract liabilities primarily relate to the advance consideration received from customers for goods and services. For services, contract liabilities relate to advance consideration for services, including security services, which are generally fulfilled evenly over time.

No information is provided about remaining performance obligations that have an original expected duration of one year or less, as allowed by IFRS 15.

#### 4 Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after charging / (crediting):		
Government grants	-	(99)
Fees payable to the Company's auditor for the audit of the Company's financial statements	33	24
Depreciation:		
- of owned property, plant and equipment	537	735
- of property, plant and equipment held under hire-purchase and finance leases	102	144
Profit on disposal of tangible fixed assets	(1)	(23)
Amortisation of intangible assets	1	4
Exchange (gains)/losses	(8)	52
	<u>          </u>	<u>          </u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2022 Number	2021 Number
Operations	43	47
Administration	8	11
	<u>          </u>	<u>          </u>
	51	58
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	1,791	1,917
Social security costs	180	195
Pension costs	52	58
	<u>          </u>	<u>          </u>
	2,023	2,170
	<u>          </u>	<u>          </u>



# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 5 Employees (Continued)

The employee costs above exclude the impact of deducting Job Retention Scheme grants received during the year of £nil (2021: £99,000).

Job Retention Scheme grants received have been disclosed as other operating income in the Profit and loss account.

### 6 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	51	126
Company pension contributions to defined contribution schemes	1	2
	<u>52</u>	<u>128</u>

In the current and prior year, the directors' emoluments and pension contributions were paid by Tyrion Security Bidco Limited, a fellow group company. Amounts are recharged to the Company and are included in administrative expenses as a management charge. In the year to 31 March 2022, the remuneration was included in the total management charge of £258,000 (2021: £282,000). Information on total directors' emoluments, including the highest paid director, is disclosed in the financial statements of Tyrion Security Bidco Limited.

### 7 Interest payable and similar expenses

	2022 £'000	2021 £'000
<b>Interest on financial liabilities measured at amortised cost</b>		
Interest on leases - IFRS 16	18	12
Interest payable to group undertakings	-	683
	<u>18</u>	<u>695</u>

### 8 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	(565)	-
<b>Total deferred tax</b>	<u>(565)</u>	<u>-</u>
<b>Total tax charge / (credit)</b>	<u>(565)</u>	<u>-</u>

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 8 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the Profit and loss account and other comprehensive income as follows:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	1,107	(13)
Expected tax credit based on a corporation tax rate of 19% (2021:19%)	210	(2)
Effect of:		
- expenses not deductible in determining taxable profit	2	291
- income not taxable	(93)	(2)
- deferred tax not recognised	(684)	(287)
Taxation charge for the year	(565)	-

#### Factors affecting the tax charge in future years

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax asset as at 31 March 2022 was calculated at 25% (2021: 19%). This will impact the Company's future current and deferred tax charges accordingly.

At 31 March 2022 the Company had an unrecognised deferred tax asset totalling £4,159,225 (2021: £8,154,440).

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 9 Intangible fixed assets

	<b>Software</b>
<b>Cost</b>	<b>£000</b>
At 31 March 2021 and 2022	21
<b>Amortisation and impairment</b>	
At 31 March 2021	20
Charge for the year	1
At 31 March 2022	21
<b>Carrying amount</b>	
At 31 March 2022	-
At 31 March 2021	1

#### 10 Tangible fixed assets

	<b>Fixtures, Plant and equipment £'000</b>	<b>Rental equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 31 March 2021	1,344	11,932	176	13,452
Additions	195	578	-	773
Disposals	-	(179)	(3)	(182)
At 31 March 2022	1,539	12,331	173	14,043
<b>Accumulated depreciation and impairment</b>				
At 31 March 2021	911	11,363	165	12,439
Charge for the year	178	451	10	639
Eliminated on disposal	-	(95)	(2)	(97)
At 31 March 2022	1,089	11,719	173	12,981
<b>Carrying amount</b>				
At 31 March 2022	450	612	-	1,062
At 31 March 2021	433	569	11	1,013

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 10 Tangible fixed assets

(Continued)

The carrying value of right-of-use assets comprises:

	Leasehold properties £'000	Plant and vehicles £'000	Total £'000
At 1 April 2021	142	10	152
At 31 March 2022	224	12	236
Depreciation charge for the year	90	12	102
Additions of right-of-use assets			174

Of additions of right-of-use assets, £174,000 related to a lease extension signed in a previous financial year.

### 11 Stocks

	2022 £'000	2021 £'000
Finished goods	630	451

The total amount of stocks consumed in the year to cost of sales was £132,000 (2021: £1,028,000).

### 12 Debtors

	2022 £'000	2021 £'000
Trade debtors	492	302
Amounts due from fellow group undertakings	193	945
Prepayments	67	37
Deferred tax asset (see note 15)	565	-
Other debtors	20	44
	<u>1,337</u>	<u>1,328</u>

The company is a wholly owned subsidiary of the Group headed by Tyrion Security Topco Limited, and holds loans due from other wholly owned subsidiaries of this group.

Following the group refinancing in June 2021, amounts due from fellow group undertakings are unsecured, non-interest bearing and repayable on demand (2021: £945,000 of amounts due to fellow group undertakings were unsecured, non-interest bearing and repayable on demand).

Included within trade debtors of £492,000 (2021: £302,000) there is an impairment of £46,000 (2021: £103,000) relating to expected credit losses.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 13 Creditors

	Due within one year		Due after one year	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	216	275	-	-
Amounts due to fellow group undertakings	11,809	22,485	7,713	-
Accruals	504	484	-	-
Social security and other taxation	135	60	-	-
Finance leases	11	12	1	12
Lease liabilities - IFRS 16	105	110	139	38
Other creditors	26	5	-	-
	<u>12,806</u>	<u>23,431</u>	<u>7,853</u>	<u>50</u>

Included within amounts due to fellow group undertakings are balances totalling £7,713,000 (2021: £nil) which are due after more than one year. All other amounts due to fellow group undertakings are repayable on demand.

Following the group refinancing in June 2021, amounts due to fellow group undertakings are unsecured and non-interest bearing (2021: £14,862,822 of amounts due to fellow group undertakings accrued interest at 4.8% per annum).

### 14 Lease liabilities

	Minimum lease payments		Present value	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts payable under finance leases:				
Within one year	13	14	11	12
In two to five years	1	14	1	12
	<u>14</u>	<u>28</u>	<u>12</u>	<u>24</u>

Amounts payable under finance leases are secured against the assets concerned.

	Minimum lease payments		Present value	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts payable under IFRS 16 leases:				
Within one year	115	115	105	110
In two to five years	144	38	139	38
In over five years	-	-	-	-
	<u>259</u>	<u>153</u>	<u>244</u>	<u>148</u>

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	<b>Assets 2022 £'000</b>	<b>Liabilities 2022 £'000</b>	<b>Assets 2021 £'000</b>	<b>Liabilities 2021 £'000</b>
Tax losses carried forward	565	-	-	-
Net tax assets	565	-	-	-

Movements in deferred tax assets during the year:

	<b>£'000</b>
At 1 April 2021	-
Movement in year (recognised in income)	565
At 31 March 2022	565

### 16 Provisions for liabilities

	<b>Dilapidations £'000</b>
At 1 April 2021	20
Provisions made in the year	2
At 31 March 2022	22

Provisions for dilapidations are recognised on a lease-by-lease basis and are based on the estimated cash outflow. Of the above provision, £nil (2021: £nil) is classed as current, £22,000 (2021: £20,000) as non-current.

### 17 Retirement benefit schemes

#### Defined contribution schemes

The Company contributes to defined contribution pension schemes for all qualifying employees. The assets of the schemes are held and managed independently from those of the Company. The total cost of pension contributions charged to the Profit and loss account during the year is £52,000 (2021: £58,000). As at 31 March 2022, contributions of £8,000 (2021: £9,000) due in respect of the schemes had not yet been paid over to the schemes.

# VPS SITE SECURITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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18	Share capital	2022 £'000	2021 £'000
	<b>Ordinary share capital</b>		
	<b><i>Issued and fully paid</i></b>		
	111,533,535 Ordinary shares of 1p each	1,115	1,115
		<u>1,115</u>	<u>1,115</u>

**19 Share premium account**

Includes amounts paid in excess of the face value of share capital.

**20 Profit and loss account**

Includes all current and prior period retained profits and losses.

**21 Contingencies**

The Company is part of a Group banking facility under which it has guaranteed the bank borrowings of its fellow Group companies. At the balance sheet date the total net bank borrowings (senior debt net of cash held) of the Group were £66.7 million (2021: £45.3 million).

**22 Related party transactions**

Transactions with fellow members of the group headed by Tyrion Security Topco Limited have not been disclosed, as permitted by FRS 102 s33.

**23 Controlling party**

The ultimate parent undertaking is Targaryen Security 1 Sarl, a Luxembourg-based Company which is controlled by PAI Partners SAS, a private equity firm based in France.

The immediate parent undertaking is VPS (UK) Limited, registered office Broadgate House, Broadway Business Park, Chadderton, OL9 9XA, United Kingdom. The smallest group that these accounts are consolidated into is that headed by Tyrion Security Midco Limited. Copies of the group financial statements of Tyrion Security Midco Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.