

KINGS SOLUTIONS GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

Company Registration Number 07706703

THURSDAY



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COMPANIES HOUSE

KINGS SOLUTIONS GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

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KINGS SOLUTIONS GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2017

The board of directors	G P L Zeidler (Chairman) S J J Evans (resigned 29 June 2017) R C Fisher A D King (resigned 20 September 2017) E J Shaw B A Stiefel
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Company secretary	G A Kehoe
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Registered office	4 St Dunstons Technology Park Ripley Street Bradford West Yorkshire BD4 7HH
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Auditor	RSM UK Audit LLP Chartered Accountants Central Square, 5 th Floor, 29 Wellington Street Leeds LS1 4DL
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Bankers	Lloyds Bank plc Lisbon House 116 Wellington Street Leeds West Yorkshire LS1 4LT
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KINGS SOLUTIONS GROUP LIMITED
STRATEGIC REPORT
YEAR ENDED 31 OCTOBER 2017

The group's key financial and other performance indicators during the period were as follows :

Trading

	2017 £'000	2016 £'000
Turnover	31,476	42,575
Gross profit	5,948	9,802
<i>Gross profit %</i>	18.9%	23.0%
EBITDA*	(1,275)	1,792
<i>EBITDA %</i>	(4.1%)	4.2%

**Pre exceptional costs*

The primary activities of the Group are the installation and maintenance of CCTV and intruder alarm systems, the provision of security guarding services and security monitoring services and specialist security consultancy services.

Turnover for the year ended 31 October 2017 was £31.5m which is 26% lower than the year ended 31 October 2016. The reduction in turnover was predominantly due to the full year impact of the termination of a contract with a major customer in May 2016 following a competitive tender process and the fact that growth that the executive management forecast during 2017 has not been delivered.

Gross profit percentage reduced from 23.0% in the year ended 31 October 2016 to 18.9% in the year to 31 October 2017. The reduction in gross profit percentage resulted from the decision by the then CEO and COO, to maintain engineering capacity in expectation of a recovery in activity levels. This increase did not materialise and resulted in our margins being adversely affected until corrective action was taken in Q4 following a change in the leadership team. The mix of our sales also changed with the proportion of Security Personnel revenues (inherently lower margin) increasing from 16.4% of our total group turnover in the year to 31 October 2016 to 23.0% of turnover in the year to 31 October 2017.

Our employee numbers reduced from an average of 642 in the year to 31 October 2016 to 527 during the year ended 31 October 2017. Turnover per employee reduced from £66,316 in the year ended 31 October 2016 to £59,727 during the year ended 31 October 2017 (a decrease of 9.9%).

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") is a key profitability measure that is used in the Group. During the year ended 31 October 2017 the Group generated a negative EBITDA (pre exceptional costs) of £1.3m which was £3.1m lower than the EBITDA of £1.8m generated in the year ended 31 October 2016. The reduction was attributable to the major contract loss referred to above. Cashflow is the lifeblood of the Group and in the year ended 31 October 2017 cash and cash equivalents increased from £0.2m to £1.0m. This is principally the result of the issue of Preferred shares in the principle trading subsidiary undertaking during the year for consideration of £1.5m together with continued support from our major shareholder who contributed an additional £2.7m of loan capital during the year

Exceptional costs during the year ended 31 October 2017 of £0.4m consisted of costs relating to legal and professional costs associated with an ongoing dispute with former directors A King and S Evans. This was lower than the exceptional costs of £1.5m (including £1.3m of goodwill impairment) in the year to 31 October 2016.

KINGS SOLUTIONS GROUP LIMITED

STRATEGIC REPORT

YEAR ENDED 31 OCTOBER 2017

The Group has invested in both its people and its systems in order to support the further growth in its operations. Capital expenditure on intangible and tangible fixed assets during the year ended 31 October 2017 was £0.2m and was predominantly related to IT based systems and infrastructure to underpin high quality service provision.

The Group had net liabilities of £1.8m at 31 October 2017 compared to £1m of net assets at 31 October 2016. The Group has continued to be supported by its parent undertaking and the ultimate controlling party, as evidenced by the injection of £1.5m through the issue of Preferred shares during the year to ensure that the Group can continue to operate and pay its debts as they fall due. However, when conducting their impairment review, the directors have considered it prudent to impair the carrying value of the investments in the subsidiary undertakings down by £2.5m to £1m in the balance sheet of the Company.

At 31 October 2017 the Group has net current liabilities of £2.5m compared to £2.4m at 31 October 2016. Within this figure is £2.1m relating to the redemption premium of the B Ordinary Shares. Whilst the redemption premium is contractually due at the reporting period it can only legally be paid when the company has sufficient distributable reserves. It is the opinion of the directors that this will not happen for at least 12 months from the reporting date or within the foreseeable future.

Principal risks

We consider that the principal risks faced by the Group going forward are as follows :

- Current weakness in the high street retail market which has formed our historical core customer base. To mitigate this our growth strategy is to develop a more diverse base of customers in a range of commercial sectors, whilst continuing to deliver differentiated retail services.
- Ensuring we continue to invest in the infrastructure needed to deliver a high quality and innovative service to our clients despite financial challenges. The majority shareholder has supported this and enabled significant investment to enhance our IT capability to roll out of new innovations in the industry and ensure systems are sufficiently resilient to protect from cyber-attacks. We have achieved this through CESG Pen testing as well as implementing ISO27001 and ISO22301.
- Shortage of qualified engineers in the industry. We have mitigated this risk by the implementation of the industry leading Kings Training Academy where we train our engineers to the highest standards.

Funding position & future development

Subsequent to the year end the majority shareholder has provided further equity and loan capital to the business to allow continuing investment in development, and to maintain liquidity. Specifically, the Group has issued A Preferred shares for consideration of £1.5m in its principal trading subsidiary, resulting in an equivalent decrease in net current liabilities and increase in net assets, and therefore further strengthening the Group's financial position. The Directors consider that the Group has the full support of its majority shareholder and has an adequate funding base available to meet future requirements.



Geoff Zeidler
Chairman

Approved by the directors on 8 October 2018

KINGS SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2017

The directors present their report and the financial statements of the group for the year ended 31 October 2017.

Results and dividends

The loss and total comprehensive income for the year amounted to £2.8m. The directors have not recommended a dividend.

Strategic Report

In accordance with section 414 C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Group has prepared a Strategic Report which includes information that would previously have been included in the Directors' Report.

Financial instruments

Financial risk management objectives and policies

The principal financial instruments of the business comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and hire purchase agreements. The main purpose of these instruments is to finance the operations of the business.

Credit risk

The company's exposure to credit risk is mitigated through its diverse customer base with no single customer representation more than 15% of the turnover of the company.

Liquidity risk

Liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of continued Invoice Discounting, short term loans, shareholder support and improved cash collection by reducing the standard payment terms in our sales contracts. Long term cash flow forecasts are produced regularly and presented to the board on a weekly basis together with other supporting information. This gives the board long term sight of peaks and troughs in cash availability and likely headroom in our various facilities. This allows decisions to be made in advance regarding funding to ensure liquidity is maintained.

Supplier payment policy

It is the Group's policy to make supplier payment in accordance with the terms agreed with each supplier.

As at 31 October 2017, creditor days were 55 days (31 October 2016: 60 days).

Directors

The directors who served the company were as follows:

G P L Zeidler (Chairman)
S J J Evans (resigned 29 June 2017)
R C Fisher
A D King (resigned 20 September 2017)
E J Shaw
B A Stiefel

KINGS SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2017

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 company and the group and of the profit or loss of the group for that year.

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 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.

Donations

During the year the company made the following contributions:

	2017	2016
	£	£
Charitable	<u>21,519</u>	<u>50,556</u>

Research and development

The Group continues to undertake research and development activities focused on software development within the security industry. During the previous year, the Group launched its innovative Kings Intelligence Service ("KIS") which is now protected by European Trade Mark.

KINGS SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2017

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Kings Training Academy

The Group has its own training academy to promote skills and provide on-going development of its employees. The Kings' Training Academy puts training firmly at the core of our business and will drive our employee skills, standards and qualifications to an even higher level.

The Academy demonstrates our ongoing commitment to investing in our people and developing homegrown talent across all areas of the business, from apprentices to senior managers. We will continue to lead the security industry through our apprenticeship programmes and NVQs through to Masters degrees, with the aim of developing industry professionals and leaders for the future.

The Group has also created a new internal training committee to oversee the academy's development and to support the Group's current and future training needs.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to the auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally the directors 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 company's auditor is aware of that information.

Signed on behalf of the directors



Geoff Zeidler
Chairman

Approved by the directors on the 8 October 2018

KINGS SOLUTIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS SOLUTIONS GROUP LIMITED YEAR ENDED 31 OCTOBER 2017

Opinion

We have audited the financial statements of Kings Solutions Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of 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 of the parent company's affairs as at 31 October 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

KINGS SOLUTIONS GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS
SOLUTIONS GROUP LIMITED
YEAR ENDED 31 OCTOBER 2017

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

KINGS SOLUTIONS GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGS
SOLUTIONS GROUP LIMITED
YEAR ENDED 31 OCTOBER 2017

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.

RSM UK Audit LLP

Daniel Varley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square, 5th Floor
29 Wellington Street
Leeds
LS1 4DL

8 October 2018

KINGS SOLUTIONS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 OCTOBER 2017

	Notes	2017 £'000	2016 £'000 (restated)
Turnover	4	31,476	42,575
Cost of sales		(25,528)	(32,773)
Gross profit		5,948	9,802
Goodwill impairment	6	-	(1,276)
Other exceptional expenses	6	(365)	(234)
Other administrative expenses		(8,060)	(8,584)
Administrative expenses		(8,425)	(10,094)
Operating loss	5	(2,477)	(292)
Interest payable and similar charges	9	(588)	(1,422)
Loss on ordinary activities before taxation		(3,065)	(1,714)
Tax on profit on ordinary activities	10	181	137
Loss for the financial year		(2,884)	(1,577)
Other comprehensive income			
Revaluation of property		-	511
Deferred tax on revaluation of property		89	(81)
Other comprehensive income for the year		89	430
Total comprehensive income for the year		(2,795)	(1,147)

All of the activities of the Group are classed as continuing

The notes on pages 16 to 38 form part of these financial statements.

KINGS SOLUTIONS GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2017

	Note	2017 £'000	2016 £'000 (restated)
Fixed assets			
Intangible assets	11	861	1,078
Tangible assets	12	6,151	6,596
		<u>7,012</u>	<u>7,674</u>
Current assets			
Stocks	14	1,357	1,947
Debtors	15	6,971	7,735
Cash at bank and in hand		1,027	215
		<u>9,355</u>	<u>9,897</u>
Creditors: Amounts falling due within one year	16	<u>(11,808)</u>	<u>(12,345)</u>
Net current liabilities		(2,453)	(2,448)
Total assets less current liabilities		<u>4,559</u>	<u>5,226</u>
Creditors: Amounts falling due after more than one year	17	(6,350)	(3,952)
Provisions for liabilities			
Deferred taxation	22	-	(270)
Net (liabilities)/assets		<u>(1,791)</u>	<u>1,004</u>
Capital and reserves			
Called-up share capital	23	2,002	2,002
Share premium account	24	998	998
Revaluation reserve	24	990	901
Capital redemption reserve	24	1	1
Merger reserve	24	99	99
Profit and loss account	24	(5,881)	(2,997)
		<u>(1,791)</u>	<u>1,004</u>

These accounts were approved by the directors and authorised for issue on 8 October 2018 and are signed on their behalf by:



Geoff Zeidler
Chairman

The notes on pages 16 to 38 form part of these financial statements.

KINGS SOLUTIONS GROUP LIMITED
Registered Number 07706703
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2017

	Note	2017 £'000	2016 £'000 (restated)
Fixed assets			
Tangible assets	12	3,720	3,720
Investments	13	1,001	2,001
		<u>4,721</u>	<u>5,721</u>
Current assets			
Debtors	15	1,455	1,257
Cash at bank		41	41
		<u>1,496</u>	<u>1,298</u>
Creditors: Amounts falling due within one year	16	<u>(2,350)</u>	<u>(2,238)</u>
Net current liabilities		(854)	(940)
Total assets less current liabilities		<u>3,867</u>	<u>4,781</u>
Creditors: Amounts falling due after more than one year	17	(5,321)	(3,606)
Provision for liabilities			
Deferred Tax	22	(17)	(98)
Net (liabilities)/assets		<u><u>(1,471)</u></u>	<u><u>1,077</u></u>
Capital and reserves			
Called-up share capital	23	2,002	2,002
Share premium account	24	998	998
Capital redemption reserve	24	1	1
Profit and loss account	24	(4,472)	(1,924)
		<u><u>(1,471)</u></u>	<u><u>1,077</u></u>

These accounts were approved by the directors and authorised for issue on 8 October 2018 and are signed on their behalf by:



Geoff Zeidler
Chairman

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account. The loss dealt with in the financial statements of the parent company was £2,548,000 (2016 – £620,000 restated).

The notes on pages 16 to 38 form part of these financial statements.

KINGS SOLUTIONS GROUP LIMITED

Registered Number 07706703

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 OCTOBER 2017

	Share Capital £'000	Share Premium Account £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Merger Reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 November 2015 (as previously reported)	2,002	998	471	1	99	(320)	3,251
Prior period adjustment (note 3)	-	-	-	-	-	(1,100)	(1,100)
At 1 November 2015 (restated)	2,002	998	471	1	99	(1,420)	2,151
Loss for the year	-	-	-	-	-	(1,577)	(1,577)
Other comprehensive income	-	-	430	-	-	-	430
Total comprehensive income for the year	-	-	430	-	-	(1,577)	(1,147)
At 31 October & 1 November 2016	2,002	998	901	1	99	(2,997)	1,004
Loss for the year	-	-	-	-	-	(2,884)	(2,884)
Other comprehensive income	-	-	89	-	-	-	89
Total comprehensive income for the year	-	-	89	-	-	(2,884)	(2,795)
At 31 October 2017	2,002	998	990	1	99	(5,881)	(1,791)

The notes on pages 16 to 38 form part of these financial statements.

KINGS SOLUTIONS GROUP LIMITED

Registered Number 07706703

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 OCTOBER 2017

	Share Capital £'000	Share Premium Account £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 November 2015 (as previously reported)	2,002	998	-	1	(204)	2,797
Prior period adjustment (note 3)	-	-	-	-	(1,100)	(1,100)
At 1 November 2015 (restated)	2,002	998	-	1	(1,304)	1,697
Loss for the year	-	-	-	-	(620)	(620)
Total comprehensive income for the year	-	-	-	-	(620)	(620)
At 31 October & 1 November 2016	2,002	998	-	1	(1,924)	1,077
Loss for the year	-	-	-	-	(2,548)	(2,548)
Total comprehensive income for the year	-	-	-	-	(2,548)	(2,548)
At 31 October 2017	2,002	998	-	1	(4,472)	(1,471)

The notes on pages 16 to 38 form part of these financial statements.

KINGS SOLUTIONS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 OCTOBER 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Loss for the financial year		(2,884)	(1,557)
Adjustments for:			
Interest payable and similar charges		588	1,422
Tax on profit on ordinary activities		(181)	(137)
Goodwill Impairment		-	1,276
Amortisation of intangible assets		342	269
Depreciation of tangible assets		495	551
Profit on sales of tangible assets		(4)	(10)
Decrease in trade and other debtors		764	3,333
Decrease in stock		590	1,149
Decrease in trade and other creditors		(381)	(4,164)
Net cash (used in)/from operating activities		<u>(671)</u>	<u>2,112</u>
Cash flows from investing activities			
Proceeds from sale of tangible assets		48	55
Purchases of tangible assets		(94)	(127)
Purchases of intangible assets		(125)	(193)
Net cash used in investing activities		<u>(171)</u>	<u>(265)</u>
Cash flows from financing activities			
Interest paid		(500)	(491)
Proceeds of new borrowings		2,900	-
Repayment of borrowings		(505)	(1,639)
Capital element of finance lease repaid		(241)	(409)
Net cash from/(used in) financing activities		<u>1,654</u>	<u>(2,539)</u>
Net increase / (decrease) in cash and cash equivalents		<u>812</u>	<u>(692)</u>
Cash and cash equivalents at the beginning of year		<u>215</u>	<u>907</u>
Cash and cash equivalents at the end of year		<u>1,027</u>	<u>215</u>

The notes on page 16 to 38 form part of these financial statements.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

General Information

Kings Solutions Group Limited is a limited company incorporated in the United Kingdom with registration number 07706703. The address of its registered office and principal place of business is 4 St Dunstan's Technology Park, Ripley Street, Bradford, BD4 7HH.

The principal activity of the Group during the year was installation and maintenance of CCTV and intruder alarm systems, the provision of security guarding services and security monitoring services and specialist security consultancy services.

The principal activity of the company is to hold properties and shares of group companies.

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

Reduced disclosures

The parent company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flow and related notes and disclosures*
- Section 33 'Related Party Disclosures' – *Compensation for key management personnel*

Going concern

At 31 October 2017 the Group had net current liabilities of £2.5m (2016: £2.4m) and the Company had net current liabilities of £0.9m (2016: £0.9m). The directors have prepared cash flow forecasts which show the Group being able to operate within its agreed facilities subject to the continuing support of the ultimate parent undertaking and its investors in the ultimate parent company. The directors are not aware of any reason why the current facilities may be withdrawn. In the period since the balance sheet date the Group has issued A Preferred shares in its principle trading subsidiary for consideration of £1.5m resulting in an equivalent decrease in net current liabilities and increase in net assets, and further strengthening the Group's financial position. The directors are therefore satisfied that the Group can continue to operate and pay its debts as they fall due, and have prepared the accounts on the going concern basis accordingly.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The consolidated financial statements merge the financial statements of those undertakings which are owned by the shareholders of Kings Solutions Group Limited as if they had always been owned. Accordingly, in those years when mergers take place, the whole of the results, assets and liabilities and the shareholders funds of the merged companies are consolidated, regardless of the actual merge date and corresponding figures for previous years re-stated.

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. 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.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Service and maintenance turnover is recognised over the life of the contract and amounts invoiced in advance are included in deferred income. Installations revenue is recognised when the right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of work performed.

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid or payable and the fair value of other consideration given) over the fair value of the separable net assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life of 10 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

1. Accounting policies (continued)

Intangible assets – research and development

Development expenditure for individual projects is deferred when its future recoverability can be foreseen with reasonable certainty. The identifiable expenditure is then amortised over 5 years. Provision is made for any impairment. All research and other development costs are written off as incurred.

Tangible fixed assets

Tangible fixed assets, with the exception of freehold property, are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Revaluation of freehold property

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

Investment properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	-	Straight line over 10 years
Development costs	-	Straight line over 5 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Buildings	-	Straight line over 50 years
Leasehold Property	-	10% reducing balance basis
Plant & Machinery	-	10% reducing balance basis
Fixtures & Fittings	-	15% or 25% reducing balance basis
Motor Vehicles	-	25% reducing balance basis

Freehold land is not depreciated.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

1. Accounting policies (continued)

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriate to the stage of completion. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. 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.

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

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 are capitalised as an intangible fixed asset or a tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Defined contribution plans

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

1. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Fixed asset investment

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

1. Accounting policies (continued)

Financial assets (continued)

Trade, group and other debtors (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

B Ordinary Shares

The B Ordinary shares of £1 each do not entitle the holder to any right to vote or participate in dividends or distributions. The redemption premium was dependent on the financial results of the group for the years ending 31 March 2015, 2016 and 2017. In the event that EBITDA in the relevant financial year was equal to or greater than £3.0m, the redemption price is £500,000 per B share and, in the event that EBITDA in the relevant financial year is less than £3.0m, the redemption price per B share will be calculated as follows: Redemption price per B share = (EBITDA / £3.0m x £500,000). The B ordinary shares can only be redeemed in the event that the company has sufficient distributable reserves.

As a financial instrument, where the company does not have the unconditional right to avoid settling in cash or by delivery of another financial asset (or otherwise to settle it in such a way that it would be a financial liability) and where settlement is dependent on the occurrence or non-occurrence of uncertain future events beyond the control of the company and the holder, is a financial liability of the company.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

1. Accounting policies (continued)

B Ordinary Shares (continued)

The financial liability has been measured at amortised cost and at inception the expected cash outflows arising from the issue of the financial instruments are determined including any redemption premium and spread over the relevant period being the period from date of issue to date on which the earnings are determined (31 March 2015, 2016 and 2017) using the effective interest rate.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Areas of critical judgement

- Accounting for lease arrangements

Determine whether leases entered into by the Group, particularly in relation to our motor vehicle fleet, as a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Impairment of non-current assets

Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit, see goodwill impairment charge (notes 5 and 6).

Key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Investment properties and freehold properties are valued professionally with sufficient regularity to ensure they are not materially mis-stated. The valuations have been prepared on the basis of Market Value (MV) which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

3. Prior period adjustment

The comparative figures have been re-stated to recognise a financial liability previously omitted in respect of the redemption premium due on the B Ordinary Shares for each of the years ended 31 March 2015 and 2016. Under FRS102 and in accordance with the Group's accounting policy in note 1 this premium should be recognised as a financial liability using the amortised cost model. The result of this recognition is to increase the interest payable and similar charges by £946,000 in the year to 31 October 2016 and to reduce net assets at 31 October 2016 by £2,046,000 (31 October 2015 net assets reduced by £1,100,000).

Group	As previously stated £'000	Adjustments £'000	As restated £'000
Interest payable and similar charges	<u>(476)</u>	<u>(946)</u>	<u>(1,422)</u>
Loss for the year	<u>(631)</u>	<u>(946)</u>	<u>(1,577)</u>
 Creditors: Amounts falling due within one year	 <u>(10,299)</u>	 <u>(2,046)</u>	 <u>(12,345)</u>

Company	As previously stated £'000	Adjustments £'000	As restated £'000
Profit/(loss) for the year	<u>326</u>	<u>(946)</u>	<u>(620)</u>
Creditors: Amounts falling due within one year	<u>(192)</u>	<u>(2,046)</u>	<u>(2,238)</u>

4. Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2017 £'000	2016 £'000
United Kingdom	<u>31,476</u>	<u>42,575</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

5. Operating loss

Operating loss is stated after charging:

	2017	2016
	£'000	£'000
Amortisation of intangible assets	342	269
Depreciation of owned fixed assets	390	386
Depreciation of assets held under hire purchase agreements	105	165
Profit on disposal of fixed assets	(4)	(10)
Goodwill impairment	-	1,276
Cost of stocks recognised as an expense	5,864	8,740
Operating lease costs:		
- Plant and machinery	1,237	1,473
- Other	79	106
	<u> </u>	<u> </u>

Amounts paid to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;

	2017	2016
	£'000	£'000
Auditor services		
- statutory audit of parent and consolidated accounts	48	24
- statutory audit of subsidiaries	32	25
Audit assurance related services	-	18
Taxation compliance services	7	7
Taxation advisory services	9	-
Other non-audit services	31	19
	<u> </u>	<u> </u>
Total	<u>127</u>	<u>93</u>

6. Exceptional costs

Exceptional expenses are £365,000 in respect of professional fees relating to the ongoing dispute with former directors A King and S Evans.

At 31 October 2016, due to the cancellation of a contract with a major customer during the year then ended, the board reviewed the carrying value of goodwill related to that customer. The board considered that the goodwill was impaired and a write down of £1,276,000 was required to the carrying value of the goodwill.

Other exceptional expenses for the year ended 31 October 2016 include £149,000 of redundancy costs, £32,000 of vehicle lease termination costs and £53,000 of legal costs all incurred due to the cancellation of a contract with a major customer.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

7. Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2017	2016
	No	No
Number of fee earning staff	358	432
Number of administrative staff	169	210
	<u>527</u>	<u>642</u>

The aggregate payroll costs of the above were:

	£'000	£'000
Wages and salaries	13,545	16,929
Social security costs	1,256	1,593
Defined contribution pension costs	96	117
	<u>14,897</u>	<u>18,639</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2017	2016
	£'000	£'000
Remuneration receivable	408	566
	<u> </u>	<u> </u>

Remuneration of highest paid director:

	£'000	£'000
Total remuneration (excluding pension contributions)	<u>153</u>	<u>292</u>

The number of directors accruing benefits under company pension schemes was as follows:

	No	No
Money purchase schemes	<u>-</u>	<u>-</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

9. Interest payable and similar charges

	2017 £'000	2016 £'000 (restated)
Interest arising on:		
Bank loans and overdrafts	189	279
Other loans	311	197
Finance Charge on B Share Redemption	88	946
	<u>588</u>	<u>1,422</u>

10. Taxation on ordinary activities

(a) Analysis of credit in the year

	2017 £'000	2016 £'000
Current tax		
UK Corporation tax	-	(93)
Over provision in prior year	-	(6)
	<u>-</u>	<u>(99)</u>
Deferred tax:		
Origination and reversal of timing differences	(93)	(35)
Effect of changes in tax rate	(35)	8
Adjustments in respect of prior years	(53)	(11)
Total deferred tax	<u>(181)</u>	<u>(38)</u>
Tax on loss on ordinary activities	<u>(181)</u>	<u>(137)</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

10. Taxation on ordinary activities (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year is more than (2016 – more than) the standard rate of corporation tax in the UK of 19.41% (2016 – 20.0%). The differences are explained below

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(3,065)	(1,714)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.41% (2016 – 20.0%)	(595)	(343)
Effects of		
Expenses that are not deductible in determining taxable profit	68	233
Effect of Research and Development tax credits	-	(19)
Rate differences on loss carried back	-	(1)
Amounts relating to changes in tax rates	26	(5)
Adjustments to tax charge in respect of previous years	(53)	(2)
Unutilised trading losses carried forward	(373)	
Total tax credit for the year	<u>(181)</u>	<u>(137)</u>

(c) Factors that may affect future tax charges

The Finance Act 2017, which was substantively enacted on 31 October 2017, includes a reduction in the UK rate of corporation tax to 17% with effect from 1 April 2020. Deferred tax arising on timing differences at the Statement of Financial Position date has been measured at this enacted rate and is included in these financial statements on this basis.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

11. Intangible fixed assets

Group	Goodwill	Development Costs	Total
	£'000	£'000	£'000
Cost			
At 1 November 2016	4,817	1,019	5,836
Additions	-	125	125
At 31 October 2017	<u>4,817</u>	<u>1,144</u>	<u>5,961</u>
Amortisation			
At 1 November 2016	4,324	434	4,758
Charge for the year	123	219	342
At 31 October 2017	<u>4,447</u>	<u>653</u>	<u>5,100</u>
Net book value			
At 31 October 2017	<u>370</u>	<u>491</u>	<u>861</u>
At 31 October 2016	<u>493</u>	<u>585</u>	<u>1,078</u>

Development costs consist of internally generated software in respect of KIS (Kings Intelligence Service). The amortisation of KIS is included in administrative expenses. The amortisation and impairment of goodwill is allocated to administrative expenses. Intangible assets relating to the Company's intellectual property contained within the development of the KIS system have been pledged as security for bank and other loans.

The company has no intangible fixed assets.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

12. Tangible fixed assets

Group	Freehold Property £'000	Short Leasehold Property £'000	Plant & Machinery £'000	Fixtures & Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
At 1 November 2016	3,720	25	1,279	5,082	257	10,363
Additions	-	1	15	78	-	94
Disposals	-	-	-	(24)	(244)	(268)
At 31 October 2017	<u>3,720</u>	<u>26</u>	<u>1,294</u>	<u>5,136</u>	<u>13</u>	<u>10,189</u>
Depreciation						
At 1 November 2016	-	19	717	2,850	181	3,767
Charge for the year	74	-	57	354	10	495
Eliminated on disposal	-	-	-	(24)	(200)	(224)
At 31 October 2017	<u>74</u>	<u>19</u>	<u>774</u>	<u>3,180</u>	<u>(9)</u>	<u>4,038</u>
Net book value						
At 31 October 2017	<u>3,646</u>	<u>7</u>	<u>520</u>	<u>1,956</u>	<u>22</u>	<u>6,151</u>
At 31 October 2016	<u>3,720</u>	<u>6</u>	<u>562</u>	<u>2,232</u>	<u>76</u>	<u>6,596</u>

Hire purchase agreements

Included within the net book value is £580,000 (October 2016 - £829,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £105,000 (October 2016 - £165,000).

Company	Investment Property £'000
Valuation	
At 1 November 2016 & 31 October 2017	<u>3,720</u>

The Group's freehold land and buildings, which are presented as an investment property in the parent company balances sheet, were valued on 8 December 2016 by Mark Brearley & Company on an open market existing use basis, in accordance with the Statement of Assets Valuation Practice Number 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The directors do not believe this valuation to be materially different to that at 31 October 2017.

	Land and buildings	
	2017 £'000	2016 £'000
On an historical cost basis these fixed assets would have been included at:		
Cost	<u>3,202</u>	<u>3,202</u>
Aggregate depreciation	<u>376</u>	<u>312</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

13. Investments

Company	Group companies £'000
Cost	
At 1 November 2016	2,001
Additions	<u>1,500</u>
At 31 October 2017	<u>3,501</u>
Provisions for impairment	
At 1 November 2016	-
Impairment losses	<u>2,500</u>
At 31 October 2017	<u>2,500</u>
Net Book Value	
At 31 October 2016	<u>2,001</u>
At 31 October 2017	<u>1,001</u>

At the year end the Directors have undertaken an impairment review of the value of the investments held, which resulted in a write down of £2.5m, due to trading losses.

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

All the subsidiaries are incorporated in England and Wales, 100% of the voting rights are held and the holdings are all Ordinary shares.

Name	Principal activity
Kings Training Academy Limited (formerly Cloud Kings Limited)	Employee training
Dragnstore Limited	Dormant company
Kings Security Guarding Limited	Dormant company
Kings Security Systems Limited	Installation and maintenance of intruder alarms and surveillance systems
U.K Monitoring Limited	Provision of security monitoring services
Manna Holdings Limited	Holding company

The registered office of each of the subsidiary companies is:
4 St Dunstons Technology Park
Ripley Street
Bradford
West Yorkshire
BD4 7HH

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

13. Investments (continued)

The following dormant companies are exempt from audit requirements
 Dragnstore Limited
 Kings Security Guarding Limited
 Manna Holdings Limited

14. Stocks

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Raw materials	911	1,149	-	-
Work in progress	446	798	-	-
	<u>1,357</u>	<u>1,947</u>	<u>-</u>	<u>-</u>

15. Debtors

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	6,241	6,748	-	-
Amounts owed by group undertakings	-	-	1,404	1,206
Other debtors	152	277	51	51
Corporation tax	45	45	-	-
Prepayments and accrued income	533	665	-	-
	<u>6,971</u>	<u>7,735</u>	<u>1,455</u>	<u>1,257</u>

The level of provision against the carrying value of the trade debtors was £53,000 at 31 October 2017 and £129,000 at 31 October 2016. Amounts due to the invoice discount company are secured on the related trade debtors which amounted to £3,575,000 at the year-end (2016 £3,779,000) are presented with creditors (note 16).

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

16. Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
		<i>(restated)</i>		<i>(restated)</i>
Bank loans	170	155	170	155
Invoice discount creditor	3,575	3,779	-	-
Other loans	58	30	-	-
Trade creditors	2,895	3,278	-	-
Hire purchase agreements	223	306	-	-
Other taxes and social security	1,024	1,235	16	16
Other creditors	87	99	-	-
B Shares redemption premium	2,133	2,046	2,133	2,046
Accruals and deferred income	1,643	1,417	31	21
	<u>11,808</u>	<u>12,345</u>	<u>2,350</u>	<u>2,238</u>

The B shares liability of £2.13m (2016: £2.05m) is in respect of redemption of The B ordinary shares. This redemption premium has been calculated using the agreed EBITDA for each of the years ended 31 March 2015, 2016 and 2017.

Whilst the redemption premium is contractually due at the reporting period it can only legally be paid when the company has distributable reserves. It is the opinion of the directors that this will not happen for at least 12 months from the reporting date or within the foreseeable future.

17. Creditors: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans	1,371	1,556	1,371	1,556
Amounts due to group undertakings	1,800	-	1,000	-
Other loans	2,950	2,073	2,950	2,050
Hire purchase agreements	229	323	-	-
	<u>6,350</u>	<u>3,952</u>	<u>5,321</u>	<u>3,606</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans	<u>691</u>	<u>929</u>	<u>691</u>	<u>929</u>

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18. Borrowings

	<i>Group</i>		<i>Company</i>	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Creditors: amounts falling due within one year :				
Invoice discount creditor	3,575	3,779	-	-
Other loans	58	30	-	-
Bank loans	170	155	170	155
Hire purchase agreements	223	306	-	-
	<u>4,026</u>	<u>4,270</u>	<u>170</u>	<u>155</u>
Creditors: amounts falling after more than one year:				
Amounts due to parent undertakings	1,800	-	1,000	-
Other loans	2,950	2,073	2,950	2,050
Bank loans	1,371	1,556	1,371	1,556
Hire purchase agreements	229	323	-	-
	<u>6,350</u>	<u>3,952</u>	<u>5,321</u>	<u>3,606</u>
	<u>10,376</u>	<u>8,222</u>	<u>5,491</u>	<u>3,761</u>

Bank loans are secured by a fixed and floating charge over the group's properties at 2 and 4 St Dunstons Technology Park and 8 Currer Street. Interest is charged on the commercial mortgages at a rate of 2.7% above LIBOR.

The bank loans repayable after more than five years by instalments are made up of four loans, each with similar capital advances. Two of the loans are repayable by monthly instalments and two of the loans are repayable by quarterly instalments. The average applicable interest rate on the bank loans is 4.5%.

The short term loan in respect of invoice finance is secured by an all asset debenture, including a first charge over book debts. Interest is charged at a rate of 1.85% above base rate.

Amounts due to Group undertakings are to the company's parent undertaking Primekings Holdings Limited. Interest is payable at 9%.

Other loans include £2.95m due to KI Finance SARL a company with a common director, B Stiefel. Interest is payable on the loan at 9% per annum. The loan from KI Finance SARL is secured by a fixed and floating charge over all the assets owned by the company.

On 2 May 2018, bank loans totalling £1.46m were repaid using an additional loan from KI Finance SARL, on the same terms as existing loans.

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19. Finance lease and hire purchase contracts

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 5.5% to 8% per annum (2016: 5.5% to 8% per annum).

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	223	306	-	-
Amounts payable between 2 to 5 years	165	323	-	-
	<u>388</u>	<u>629</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the 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 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 12.

20. Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Financial assets :				
Debt instruments measured at amortised cost	6,393	7,025	1,455	1,257
	<u>6,393</u>	<u>7,025</u>	<u>1,455</u>	<u>1,257</u>
Financial liabilities :				
Measured at amortised cost	16,335	15,032	7,655	5,828
	<u>16,335</u>	<u>15,032</u>	<u>7,655</u>	<u>5,828</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of bank and other loans, trade creditors, other creditors, accruals and amounts owed to group undertakings and the B shares redemption premium.

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21. Pensions

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £96,000 (2016 - £117,000).

Contributions totalling £16,000 (2016 - £16,000) were payable to the schemes at the end of the period and were included in creditors.

22. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Provision brought forward	270	226	98	29
(Credit)/charge to profit and loss	(181)	(37)	(81)	69
Charge/ (credit) to other comprehensive income	(89)	81	-	-
Provision carried forward	<u>-</u>	<u>270</u>	<u>17</u>	<u>98</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2017		2016	
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Excess of taxation allowances over depreciation on fixed assets	276	-	345	-
Tax losses carried forward	(369)	(277)	(250)	-
Short term timing differences	(2)	-	(9)	-
Deferred tax on revaluation of property	95	-	184	-
(Asset)/Provision	<u>-</u>	<u>(277)</u>	<u>270</u>	<u>-</u>

Company	2017		2016	
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Short term timing differences	7	-	7	-
Tax losses carried forward	(5)	-	-	-
Deferred tax on revaluation of property	15	-	91	-
Provision	<u>17</u>	<u>-</u>	<u>98</u>	<u>-</u>

The timing differences are expected to reverse over the next three financial periods.

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23. Share capital

Allotted, called up and fully paid:

	2017 & 2016 No	£'000
Ordinary shares of £1 each	<u>1,507</u>	<u>2</u>
B ordinary shares of £1 each (recognised as liability)	<u>6</u>	<u>-</u>
Preferred shares of £0.01 each	<u>200,000,000</u>	<u>2,000</u>
Total	<u>200,001,507</u>	<u>2,002</u>

The preferred shares have no voting rights and no rights in respect of dividends. On a return of capital the surplus of the assets of the company available for distribution among the shareholders rank ahead of the Ordinary Shares.

The B ordinary shares of £1 each do not entitle the holder to any right to vote or participate in dividends or distributions. The redemption premium will be dependent on the financial results of the group for the years ending 31 March 2015, 2016 and 2017. In the event that EBITDA in the relevant financial year is equal to or greater than £3.0m, the redemption price shall be £500,000 per B share and in the event that EBITDA in the relevant financial year is less than £3.0m the redemption price per B share will be calculated as follows: Redemption price per B share = (EBITDA / £3.0m x £500,000). The B ordinary shares can only be redeemed in the event that the company has sufficient distributable reserves.

24. Reserves

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve

The cumulative revaluation gains in respect property; except any revaluation gains or losses recognised in profit or loss.

Merger reserve

On 27 August 2011, the Group acquired Kings Security Systems Limited, UK Monitoring Limited, Autotrak (UK Limited) and G&S Security Limited. The acquisition was accounted for using merger accounting and a merger reserve of £99,000 was created.

Capital redemption reserve

Represents nominal value of shares repurchased and cancelled by the company.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

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25. Commitments under operating leases

At 31 October 2017 the group had total lease commitments under non-cancellable operating leases as set out below.

Group	2017		2016	
	Land and buildings £'000	Other items £'000	Land and buildings £'000	Other items £'000
Operating leases which expire:				
Within 1 year	26	916	60	1,341
Between 1 and 5 years	53	433	81	1,514
	<u>79</u>	<u>1,349</u>	<u>141</u>	<u>2,855</u>

26. Related party transactions

Exemption from disclosing transactions entered into by wholly-owned members of Kings Solutions Group Limited has been taken in accordance with Section 33 of FRS 102.

During the year the Group made the following related party transactions

Directors

At 31 October 2017, there were overdrawn loan accounts relating to former directors of the Company as follows:

Anthony King	£102,295 (2016 £80,962)
Stephen Evans	£32,347 (2016: £23,640)

These accounts arose as a result of unauthorised personal expenses and whilst full provision has been made the Group is currently pursuing the individuals involved to ensure these are fully reimbursed.

On 24 August 2018, through mediation, the Group reached a settlement with Stephen Evans with regards to recovery of the above unauthorised personal expenses. As part of this, Stephen Evans has signed an open letter which states 'I was involved in financial transactions, which were not in the company's best interests and I now recognise should have been disclosed to and approved by the full board of directors'. No such agreement has been achieved with Anthony King.

Prime Interaction Limited

Included in administration expenses is £120,000 (2016 - £120,000) paid to Prime Interaction Limited a company with two common directors, B A Stiefel and R C Fisher and the same ultimate controlling party as the company, The Trustees of the Merrowdown Trust. At the balance sheet date £12,000 (2015 - £12,000) was payable to Prime Interaction Limited.

Primekings Holding Limited

Included in amounts due to Group undertakings is £1,800,000 (2016 - £nil) due to Primekings Holding Limited the company's majority shareholders and parent undertaking. Interest is payable on the loan at 9%; the amount charged to interest in the year was £11,000 (2016 - £nil). Included within accruals is £7,500 (2016 - £nil) in relation to interest payable.

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26. Related party transactions (continued)

KI Finance SARL

Included in other loans is £2,950,000 (2016 - £2,050,000) due to KI Finance SARL a company with a common director, Barry Stiefel. Interest is payable on the loan at 9% per annum (previously 5% per annum); the amount charged to interest in the year was £194,000 (2016 - £103,000). Included within accruals is £9,000 (2015 - £9,000) in relation to interest payable. Included in administration expenses is £100,000 (2016 - £100,000) paid to KI Finance SARL.

On 2 May 2018, bank loans totalling £1.46m were repaid using an additional loan from KI Finance SARL, on the same terms as existing loans.

Esoteric Limited

Included in administration expenses is £20,000 (2016 - £8,000) paid to Esoteric Limited a company controlled by E J Shaw a director of the company.

Remuneration of key management personnel

The total remuneration of the directors of all Group companies, who are considered to be key management personnel, was £863,000 (2016 - £982,000).

27. Immediate and Ultimate controlling party

The immediate parent undertaking is Primekings Holding Limited, a company incorporated in Great Britain and registered in England and Wales, whose accounts are lodged with Companies House. In the opinion of the directors the ultimate controlling party is the Trustees of the Merrowdown Trust whose beneficiaries are the Robin Fisher Family.

28. Post balance sheet events

On 2 May 2018, bank loans totalling £1.46m were repaid using an additional loan from KI Finance SARL a related party of the Group.