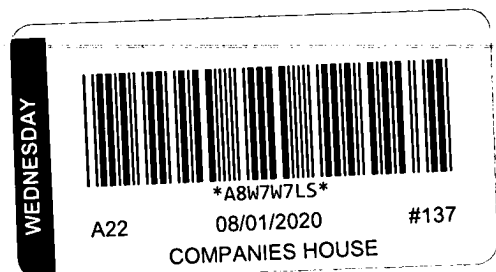


COBACO HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
REGISTERED NUMBER 08317210
30 APRIL 2019



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for the Year Ended 30 April 2019**

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COMPANY INFORMATION
for the Year Ended 30 April 2019

DIRECTORS:	R N Ball (Resigned 22 nd February 2019) G C Cooper (Resigned 22 nd February 2019) G Hepburn (Resigned 22 nd February 2019) G Gould (Resigned 22 nd February 2019) J Clarke (Resigned 22 nd February 2019) S Purkis (Resigned 22 nd February 2019) C A Henderson (Appointed 22 nd February 2019) J P Whitehouse (Appointed 22 nd February 2019)
SECRETARY:	C A Henderson (Appointed 22 nd February 2019)
REGISTERED OFFICE:	Westhaven House Arleston Way Shirley Solihull B90 4LH
REGISTERED NUMBER:	08317210 (England and Wales)
AUDITOR:	Grant Thornton UK LLP Chartered Accountant & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
BANKERS:	Yorkshire Bank 1 st Floor, The Chancery 58 Spring Gardens Manchester M2 1YB
SOLICITORS:	DLA Piper UK LLP 1 St Peter's Square Manchester M2 3DE

STRATEGIC REPORT for the Year Ended 30 April 2019

Cobaco Holdings Limited (the Company) and its subsidiaries (the Group) present its Strategic Report for the year ended 30 April 2019.

Principal activities

The group is principally involved in the design, manufacture, installation, service and sales of security bollards used in perimeter protection and related systems.

The company's principal activity is that of a holding company.

Business review

The directors are satisfied with the financial performance of the Group in 2019, delivering a strong increase in turnover and EBITDA. Significant growth was achieved across all of our key regions and markets, in particular the Middle East which has seen an increase in activity and is delivering a strong pipe line of opportunities.

During the financial year the business was acquired by Hill & Smith Holdings PLC. We believe that this acquisition will provide the business with the support to achieve further growth in 2020 and beyond.

Key performance indicators

The board monitors its performance by reference to a number of key performance indicators ("KPIs") of which the most important are:

Financial KPI's	2019	2018
Turnover	£22.2m	£17.5m
Gross margin	28%	25%
EBITDA (pre – exceptionals)	£3.0m	£1.5m
Operating Profit/ (Loss)	£1.22m	(£0.3m)

The board also monitors performance by reference to certain "non- financial KPIs". These include the review of staff numbers and customer satisfaction.

Future outlook

Although 2019 saw less vehicle borne terror attacks, globally terror threat levels remain high. We anticipate that this environment will result in continued increased demand for our high security products and services in the coming years.

Vehicle as a weapon continues to be the prevalent security threat around the world, as such we have continued to invest in new product development to remain market leaders in the design and manufacture of hostile vehicle mitigation solutions such as high security bollards and barriers.

The acquisition of the Cobaco Group by Hill & Smith Holdings PLC brings a number of future opportunities for the business, including an increased product range and opportunities to benefit from significant economies of scales. We expect to see these opportunities provide further growth in revenue and improve margins during forthcoming year.

We remain committed to our employees, customers and suppliers and are focussed on maintaining sustainable long-term relationships with our stakeholders.

Strategic Report (continued)

Post Balance Sheet Events

Subsequent to the Group's year end, the Group was part of a wider restructuring exercise instigated by its new parent company, Hill & Smith Holdings PLC. The transactions that occurred are disclosed in Note 25.

Principal risks and uncertainties

The principal financial risks that the group faces are associated with our ability to monitor and manage:

Cash flow

The Group's subsidiary, ATG Access Ltd shares an overdraft facility with other subsidiaries which operate within the agreed facility. The group's exposure to interest rate movements is not considered material and hence it is not believed to be necessary to hedge against rates. Cash is monitored on a daily basis and the group has a 13-week cash flow forecast which shows sufficient liquidity for its needs.

Foreign Exchange Risk

The group has certain transactions in foreign currencies but is not exposed to any material risks relating to exchange fluctuations.

Credit risk

The group's principal financial assets are in amounts recoverable on contracts and trade debtors. The credit risk is limited by an exposure to a number of major customers on whom either credit reports are obtained or whose annual accounts are regularly reviewed. Where credit risk is considered to be higher than acceptable, payment must be provided in advance.

The group controls these risks in a number of ways. The group is highly selective in the type of work that it tenders for in terms of the project size, location, complexity and contract duration. These criteria are examined for each project and are specific to them to ensure that their capabilities are used to best effect. The group specialises in certain types of building and civil engineering projects in line with the areas where we have proven expertise. A rigid risk management process is in place throughout the tender and project execution process. A delegation of authority system is in place with the requirement for contracts/orders over a certain level to be approved by the Managing Director and Finance Director.

Liquidity risk

The group regularly forecasts cashflows annually and over the following quarter on a rolling basis to ensure it can manage within the facilities available.

The cash facilities available to the group have been compared to its likely credit requirements over the next 12 months, from the date of signing these financial statements and are deemed to be adequate.

Price risk

The group is exposed to a price risk arising on its raw materials; it attempts to manage its exposure by matching price movements with selling prices achieved on its finished products.

Compliance risk

We operate in a number of overseas markets with different levels of commercial risk. A compliance approval process is in place to help manage this risk.

By order of the board



C A Henderson - Director
18th December 2019

DIRECTORS' REPORT
for the Year Ended 30 April 2019

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2018.

DIVIDENDS

The loss for the year, after taxation, amounted to £1,193,906 (2018: £2,456,533)

The funding structure of the company with private equity loan notes generates a loan interest charge to the profit and loss account that creates a loss each year.

No dividends will be distributed for the year ended 30 April 2019 (2018: £nil).

DIRECTORS

The directors shown below have held office during the period from 1 May 2018 to the date of this report.

R N Ball	Resigned 22 nd February 2019
G C Cooper	Resigned 22 nd February 2019
G Gould	Resigned 22 nd February 2019
G Hepburn	Resigned 22 nd February 2019
J Clarke	Resigned 22 nd February 2019
S Purkis	Resigned 22 nd February 2019
C A Henderson	Appointed 22 nd February 2019
J P Whitehouse	Appointed 22 nd February 2019

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has indemnified, by mean of directors' and officers' liability insurance, one or more of the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of the approving the directors' report.

RESEARCH AND DEVELOPMENT

The group continues to invest in research and development, in order to continually bring new and innovative products to the market.

EMPLOYEES

Regular meetings are held involving directors, managers and supervisory staff to convey information to employees regarding group and company performance and other factors affecting the business. The group is committed to the processes that have led to it achieving Investors in People Status.

The group's policy is, wherever practicable, to encourage and assist the employment of disabled people, having regard to the nature of the work and their disability.

DONATIONS

Charitable donations of £1,430 (2018: £1,650) were made during the year. No political donations were made during the year (2018: £nil).

Directors' report (continued)

GOING CONCERN

The directors are required to assess whether the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the future profitability of the Group and its ability to continue as a going concern and have prepared profit and cash flow forecasts for the 12 month period following approval of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'C A Henderson', followed by a horizontal line.

C A Henderson - Director
18th December 2019

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standard and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 AUDITORS' REPORT TO THE MEMBERS OF COBACO HOLDINGS LIMITED

Opinion

We have audited the financial statements of Cobaco Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019, which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated and Company Balance sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement 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 Financial Reporting Standard 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 30 April 2019 and of the groups loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the directors' responsibilities statement page 6, 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

18/12/19

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
for the Year Ended 30 April 2019

	Notes	2019 £	2018 £
REVENUE	2	22,150,556	17,540,896
Cost of sales		<u>(15,974,975)</u>	<u>(13,144,238)</u>
GROSS PROFIT		6,175,581	4,396,658
Administrative expenses		<u>(4,104,583)</u>	<u>(3,867,528)</u>
OPERATING PROFIT BEFORE EXCEPTIONALS		2,070,998	529,130
Exceptional items	5	<u>(850,192)</u>	<u>(834,747)</u>
OPERATING PROFIT/ (LOSS)	4	<u>1,220,806</u>	<u>(305,617)</u>
Interest payable and similar charges	6	<u>(2,258,992)</u>	<u>(2,182,958)</u>
PROFIT/ (LOSS) BEFORE TAXATION		(1,038,186)	(2,488,575)
Tax on loss	7	<u>(143,856)</u>	<u>19,648</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(1,182,042)</u></u>	<u><u>(2,468,927)</u></u>
OTHER COMPREHENSIVE INCOME			
Exchange rate differences		<u>(11,864)</u>	<u>12,394</u>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR FOR THE GROUP		<u><u>(1,193,906)</u></u>	<u><u>(2,456,533)</u></u>

All results for the current and preceding year are derived from continuing operations.

The notes on pages 15 to 32 form part of the financial statements.

CONSOLIDATED BALANCE SHEET
As at 30 April 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	8	9,382,057	10,037,603
Tangible assets	9	<u>583,685</u>	<u>356,449</u>
		9,965,742	10,394,052
CURRENT ASSETS			
Stocks	11	3,272,106	2,871,695
Debtors	12	5,893,833	3,995,153
Cash at bank and in hand	13	<u>786,605</u>	<u>1,804,916</u>
		9,952,544	8,671,764
CREDITORS			
Amounts falling due within one year	14	<u>(9,634,959)</u>	<u>(29,128,051)</u>
NET CURRENT ASSETS		317,585	(20,456,287)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,283,327	(10,062,235)
CREDITORS			
Amounts falling due after more than one year	15	-	(3,273,224)
PROVISIONS FOR LIABILITIES	20	<u>(96,442)</u>	<u>(68,122)</u>
NET ASSETS		<u>10,186,885</u>	<u>(13,403,581)</u>
CAPITAL AND RESERVES			
Called up share capital	21	1	132,588
Share premium	22	-	1,699,255
Foreign currency reserve	22	(47,930)	(36,066)
Other Reserves	22	26,616,214	-
Profit and loss account	22	<u>(16,381,400)</u>	<u>(15,199,358)</u>
SHAREHOLDERS' FUNDS		<u>10,186,885</u>	<u>(13,403,581)</u>

The financial statements were approved by the Board of Directors on 18th December 2019 and were signed on its behalf by:



C A Henderson
Director

The notes on pages 15 to 32 form part of these financial statements.

COMPANY BALANCE SHEET

As at 30 April 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Investments	10	17,945,381	17,945,381
CURRENT ASSETS			
Debtors	12	2,747,310	66,994
CREDITORS			
Amounts falling due within one year	14	(1,243)	(20,292,732)
NET CURRENT ASSETS		<u>2,746,067</u>	<u>(20,225,738)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,691,448	(2,280,357)
CREDITORS			
Amounts falling due after more than one year	15	(4,384,698)	(3,273,224)
NET ASSETS		<u><u>16,306,750</u></u>	<u><u>(5,553,581)</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1	132,588
Share premium	22	-	1,699,255
Capital Redemption Reserve	22	26,616,214	-
Profit and loss account	22	<u>(10,309,465)</u>	<u>(7,385,424)</u>
SHAREHOLDERS' FUNDS		<u><u>16,306,750</u></u>	<u><u>(5,553,581)</u></u>

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company loss for the year was £2,924,041 (2018: £2,579,906)

The financial statements were approved by the Board of Directors on 18th December 2019 and were signed on its behalf by:



C A Henderson
Director

The notes on pages 15 to 32 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 April 2019

	Called up share capital £	Share premium account £	Foreign currency reserve £	Capital Redemption	Capital Contribution	Profit and loss account £	Total equity £
Balance at 1 May 2017 as restated	132,588	1,699,255	(48,460)	-	-	(12,730,431)	(10,947,048)
Loss for the year	-	-	-	-	-	(2,468,927)	(2,468,927)
Other comprehensive income for the year	-	-	12,394	-	-	-	12,39
Balance as at 30 April 2018	132,588	1,699,255	(36,066)	-	-	(15,199,358)	(13,403,581)
	Called up share capital £	Share premium account £	Foreign currency reserve £	Capital Redemption	Capital Contribution	Profit and loss account £	Total equity £
Balance at 1 May 2018	132,588	1,699,255	(36,066)	-	-	(15,199,358)	(13,403,581)
Total comprehensive loss for the year	-	-	-	-	-	(1,182,042)	(1,182,042)
Other comprehensive income	-	-	(11,864)	-	-	-	(11,864)
Purchase of Shares	(11,560)	(73,426)	-	84,986	-	-	-
Issue of Shares	49,463	939,793	-	-	-	-	989,25
Conversion of preference shares	15,723	-	-	-	-	-	15,72
Issue of shares	23,779,393	-	-	-	-	-	23,779,39
Purchase of Shares	(23,965,606)	(2,565,622)	-	(84,986)	26,616,214	-	-
Balance as at 30 April 2019	1	-	(47,930)	-	26,616,214	(16,381,400)	10,186,88

The notes on pages 15 to 32 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 April 2019

	Called up share capital	Share premium account	Capital Redemption	Capital Contribution	Profit and loss account	Total equity
	£	£			£	£
Balance at 1 May 2017	132,588	1,699,255	-	-	(4,805,518)	(2,973,675)
Total comprehensive loss for the year	-	-	-	-	(2,579,906)	(2,579,906)
Balance as at 30 April 2018	132,588	1,699,255	-	-	(7,385,424)	(5,553,581)

	Called up share capital	Share premium account	Capital Redemption	Capital Contribution	Profit and loss account	Total equity
	£	£			£	£
Balance at 1 May 2018	132,588	1,699,255			(7,385,424)	(5,553,581)
Total comprehensive loss for the year	-	-			(2,924,041)	(2,924,041)
Purchase of Shares	(11,560)	(73,426)	84,986	-	-	-
Issue of Shares	49,463	939,793	-	-	-	989,256
Conversion of preference shares	15,723	-	-	-	-	15,723
Issue of shares	23,779,393	-	-	-	-	23,779,393
Purchase of shares	(23,965,606)	(2,565,622)	(84,986)	26,616,214	-	-
Balance as at 30 April 2019	1	-	-	26,616,214	(10,309,465)	16,306,750

The notes on pages 15 to 32 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 30 April 2019

	<i>Note</i>	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(1,182,042)	(2,468,927)
Adjustments for:			
Depreciation, amortisation and impairment		933,155	1,017,458
Interest payable and similar charges		2,258,992	2,182,958
Foreign exchange gain		(11,864)	12,394
Taxation		143,856	(19,648)
 (Increase)/ Decrease in trade and other debtors		(1,937,861)	(50,977)
(Increase)/ Decrease in stocks		(400,411)	(1,124,415)
Increase in trade and other creditors		46,912	2,307,830
Cash from operations		<u>(149,263)</u>	<u>1,856,673</u>
Income Taxes paid		136,673	(1,877)
Net cash generated from operating activities		<u>(12,590)</u>	<u>1,854,796</u>
Cash flows from investing activities			
Acquisition of tangible fixed assets	9	(184,761)	(64,284)
Acquisition of other intangible fixed assets	8	(320,084)	(296,159)
Net cash used in investing activities		<u>(504,845)</u>	<u>(360,443)</u>
Cash flows from financing activities			
Proceeds from new bank loan		-	5,000,000
Repayment of preference shares		(7,748)	-
Proceeds from new Loan		3,758,245	-
Bank Loan Repayments		(4,125,000)	(875,000)
Interest Repaid		(126,373)	(4,812,537)
Loan Note Repayment		-	(75,000)
Net cash used in investing activities		<u>(500,876)</u>	<u>(762,537)</u>
 Net increase/ (decrease) in cash and cash equivalents		(1,018,311)	731,816
Cash and cash equivalents at 1 May		1,804,916	1,073,100
Cash and cash equivalents at 30 April	13	<u>786,605</u>	<u>1,804,916</u>

The notes on pages 15 to 32 form part of these financial statements.

NOTES

(forming part of the Financial statements)

1. Accounting policies

Cobaco Holdings Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 “*The Financial Reporting Standard*” applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors are required to assess whether the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the future profitability of the Group and its ability to continue as a going concern and have prepared profit and cash flow forecasts for the 12 month period following approval of the financial statements. Based on this, the directors are satisfied that, for the foreseeable future and at least 12 months from the date of signing these accounts, the Group can meet its projected working capital requirements and consequently, the financial statements have been prepared on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the results of Cobaco Holdings Limited and its subsidiary undertakings drawn up to 30 April 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Impairment of Goodwill

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset’s cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

NOTES (continued)

1.4 Impairment of Goodwill (continued)

The recoverable amount of the asset is the higher of fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the assets continued use. These cash flows are discounted using a discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

1.5 Revenue

Revenue is set out in note 2. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue recognised represents the net invoice value of goods sold and services provided, excluding value added tax.

Revenue from sale of goods comprises revenue in respect of direct sales to customers and revenue in respect of long-term contracts. Revenue in respect of direct sales is recognised when the risks and rewards of ownership of the goods transfer to the customer.

Revenue in respect of long-term contracts is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work done. The timing of the transfer of risks and rewards will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract. Areas of judgement relate to estimation of the stage of completion and forecast outturn of the contract.

Revenue in respect of the rendering of services is recognised when the service is provided to the customer

1.6 Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.7 Foreign currency

Transactions in foreign currencies are translated into the Group companies' functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

NOTES (continued)

1.8 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the Company are treated 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's 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.

1.9 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a reducing balance basis over the estimated useful lives of each part of an item of tangible fixed assets. The rates used are as follows:

Improvements to property	- 10% on reducing balance
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 33% on reducing balance and 20% on reducing balance
Motor vehicles	- 33% on reducing balance and 25% on reducing balance

1.11 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

NOTES (continued)

1.11 Intangible assets and goodwill (continued)

Research and development

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents and trademarks - 20 years

Capitalised development costs - 4 years

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS102 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.12 Exceptional items

Items that are non-recurring in nature are presented as exceptional items in the profit and loss account. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, changes to business processes, gains or losses on the disposal or impairment of assets and other significant non-recurring gains.

1.13 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured based on the value of work performed in the year (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

1.14 Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Work in progress and finished goods are stated at the cost of direct materials and labour.

NOTES (continued)

1.15 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.16 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES (continued)

1.18 Settlement of Loan Notes

The carrying value of the financial liability extinguished is considered to be the fair value of the equity instrument issued, thus no gain or loss recognised in the profit and loss account.

1.19 Judgements in applying accounting policies and key sources of estimation uncertainty

Accounting for long term contracts

The Group enters into long term contracts in the normal course of business. The nature of such contracts introduces judgement and uncertainty into the recognition of revenue and profit for the business. Should a contract be identified by the directors as onerous, an appropriate provision is made.

Impairment of goodwill and investments in subsidiaries

The group's management undertakes an impairment review of goodwill and investments in subsidiaries if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

NOTES (continued)

2. REVENUE

The revenue and loss before taxation are attributable to the principal activities of the group, being the design, manufacture, installation, service and sales of security bollards used in perimeter protection and related systems.

An analysis of revenue by activity and geographical market is given below:

By activity:

	2019	2018
	£	£
Sale of goods	20,012,719	15,159,293
Rendering of services	1,918,065	2,174,062
Royalties	219,772	207,541
	<u>22,150,556</u>	<u>17,540,896</u>

By geographical market:

	2019	2018
	£	£
United Kingdom	12,601,160	10,163,842
Rest of World	9,549,396	7,377,054
	<u>22,150,556</u>	<u>17,540,896</u>

3. STAFF COSTS

	2019	2018
	£	£
Wages and salaries	3,325,223	3,177,963
Social security costs	364,203	336,567
Other pension costs	155,132	119,502
	<u>3,844,558</u>	<u>3,634,032</u>

The average monthly number of employees during the year was as follows:

	2019	2018
	No.	No.
Administration	37	41
Sales, service and production	52	38
	<u>89</u>	<u>79</u>

Included in the above are Research and Development salaries, which have been capitalised in Development Costs, amounting to £155,395 (2018: £225,395).

NOTES (continued)

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2019	2018
	£	£
Equipment hire	19,026	14,200
Vehicle leasing	196,431	169,409
Depreciation - owned assets	92,848	61,982
Goodwill amortisation	645,231	644,529
Patents and licences amortisation	11,717	10,362
Development costs amortisation	185,359	300,586
 Auditors' remuneration:		
Audit of the financial statements	30,385	24,500
Audit of subsidiaries	5,000	5,000
Taxation compliance services provided by the auditor	-	5,000
Other Services relating to tax	71,657	-
All other services	1,775	-
	£	£
Directors' remuneration	944,417	605,687
Directors' pension contributions to money purchase schemes	21,038	18,476
	<u>965,455</u>	<u>624,163</u>

The total remuneration of the highest paid Director was £411,169 (2018: £143,472) and company pension contributions of £8,958 (2018: £4,382) were made to a defined contributions pension scheme on his behalf. Retirement benefits are being accrued for 4 Directors (2018: 5).

5. EXCEPTIONAL ITEMS

The exceptional costs incurred during the year relate to consultancy services, recruitment costs, and fees related to the bank loan.

	2019	2018
	£	£
Restructuring costs	-	162,103
Recruitment	6,400	45,689
Consultancy costs	834,014	442,255
Bank Charges	9,778	184,700
	<u>850,192</u>	<u>834,747</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Loan notes interest	2,189,030	2,180,128
Preference share dividend treated as interest	1,161	1,549
Bank Interest	68,801	1,281
	<u>2,258,992</u>	<u>2,182,958</u>

NOTES (continued)

7. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £	£	2018 £	£
<i>Current tax</i>				
Current tax on income for the period	212,793		42,239	
Adjustments in respect of prior periods	(97,257)		(40,377)	
		<hr/>		<hr/>
Total current tax charge		115,536		1,862
<i>Deferred tax (see note 20)</i>				
Current year deferred tax charge/ (credit)	27,722		(4,906)	
Prior year adjustments to deferred tax	598		(16,604)	
Impact of rate change on deferred tax	-		-	
	<hr/>		<hr/>	
Total deferred tax charge/ (credit)		28,320		(21,510)
		<hr/>		<hr/>
Total tax charge/ (credit)		143,856		(19,648)
		<hr/> <hr/>		<hr/> <hr/>

	£	2019 £	£	£	2018 £	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	115,536	28,320	143,856	1,862	(21,510)	(19,648)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	115,536	28,320	143,856	1,862	(21,510)	(19,648)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES (continued)

7. TAXATION (continued)

Reconciliation of effective tax rate:

	2019 £	2018 £
Loss for the year	(1,182,042)	(2,468,927)
Total tax charge	(143,856)	19,648
	<u> </u>	<u> </u>
Loss excluding taxation	(1,038,186)	(2,488,575)
Tax using the UK corporation tax rate of 19% (2018:19%)	(197,255)	(472,829)
Adjustments to tax charge in respect of previous periods	(97,257)	(40,377)
Adjustment to deferred tax charge in respect of previous periods	598	(16,604)
Non-deductible expenses	410,048	515,320
Deferred tax not recognised on losses	27,722	(4,906)
Effect of rate changes	-	(252)
	<u> </u>	<u> </u>
Total tax expense included in profit or loss	143,856	(19,648)
	<u> </u>	<u> </u>

Factors that may affect future tax changes

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 April 2019 has been calculated based on these rates.

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licenses £	Development costs £	Totals £
COST				
At 1 May 2018	12,907,133	285,123	2,856,184	16,048,440
Additions	-	29,225	155,536	184,761
At 30 April 2019	<u>12,907,133</u>	<u>314,348</u>	<u>3,011,720</u>	<u>16,233,201</u>
AMORTISATION				
At 1 May 2018	3,441,217	110,339	2,459,281	6,010,837
Amortisation for the year	645,231	11,717	183,359	840,307
At 30 April 2019	<u>4,086,448</u>	<u>122,056</u>	<u>2,642,640</u>	<u>6,851,144</u>
NET BOOK VALUE				
At 30 April 2019	<u>8,820,685</u>	<u>192,292</u>	<u>369,080</u>	<u>9,382,057</u>
At 30 April 2018	<u>9,465,916</u>	<u>174,784</u>	<u>396,903</u>	<u>10,037,603</u>

The company holds no intangible assets.

NOTES (continued)

9. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and Machinery £	Fixtures & fittings £	Motor vehicles £	Totals £
COST					
At 1 May 2018	566,338	311,283	382,756	57,527	1,317,904
Additions	176,438	17,429	87,027	39,190	320,084
At 30 April 2019	<u>742,776</u>	<u>328,712</u>	<u>469,783</u>	<u>96,717</u>	<u>1,637,988</u>
DEPRECIATION					
At 1 May 2018	326,917	277,955	324,413	32,170	961,455
Charge for the year	30,049	8,989	37,156	16,654	92,848
At 30 April 2019	<u>356,966</u>	<u>286,944</u>	<u>361,569</u>	<u>48,824</u>	<u>1,054,303</u>
NET BOOK VALUE					
At 30 April 2019	<u>385,810</u>	<u>41,768</u>	<u>108,214</u>	<u>47,893</u>	<u>583,685</u>
At 30 April 2018	<u>239,421</u>	<u>33,328</u>	<u>58,343</u>	<u>25,357</u>	<u>356,449</u>

The company holds no tangible assets.

10. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 May 2017 and 30 April 2018	17,945,381
Provision	<u>-</u>
NET BOOK VALUE	
At 30 April 2018 and at 30 April 2019	<u>17,945,381</u>

NOTES (continued)

10. FIXED ASSET INVESTMENTS (continued)

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary	Principal Activity	% Holding	Class Of Share	Direct/Indirect Holding
Cobaco Limited	Dormant company	100%	Ordinary	Direct
ATG Access (Holdings) Limited	Dormant company	100%	Ordinary	Indirect
ATG Access Limited	Design, manufacture, installation and servicing of access security posts	100%	Ordinary	Indirect
ATG Access Inc.	Non Trading (incorporated in USA)	100%	Ordinary	Indirect
Cobaco Barrier Company Limited	Dormant company	100%	Ordinary	Indirect
Vehicle Protection Security Posts Limited	Dormant company	100%	Ordinary	Indirect

The financial results of all the subsidiaries are included in the consolidated accounts. The companies above are registered at Westhaven House, Arleston Way, Shirley, Solihull, West Midlands B90 4LH and were all incorporated in England and Wales, with the exception of ATG Access Inc. which is incorporated in the USA.

11. STOCKS

	Group	
	2019 £	2018 £
Raw materials & consumables	3,272,106	2,871,695
	<u>3,272,106</u>	<u>2,871,695</u>

Stock recognised in cost of sales during the year as an expense was £10,279,811 (2018: £8,364,607)

The Company holds no stock.

12. DEBTORS

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	3,381,036	2,705,195	-	-
Amounts recoverable on contracts	1,602,078	569,994	-	-
Other debtors	462,859	381,234	-	-
Tax	-	39,178	-	4,168
Prepayments	288,681	299,552	-	62,826
VAT	159,179	-	-	-
Amounts falling due over one year:				
Intercompany loans	-	-	2,747,310	-
	<u>5,893,833</u>	<u>3,995,153</u>	<u>2,747,310</u>	<u>66,994</u>

The intercompany loan is unsecured with no fixed repayment date and therefore may not be settled within the next 12 months. Interest is charged at a rate of $\text{libor} + 1.25\%$.

An impairment loss of £nil (2018: £13,146) was recognised against trade debtors

NOTES (continued)

13. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Group		
Cash at bank and in hand	786,605	1,804,916
Cash and cash equivalents per cash flow statements	<u>786,605</u>	<u>1,804,916</u>

The Company holds no cash.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	3,682,518	3,832,975	-	45,049
Social security and other taxes	108,292	99,915	-	-
Accrued expenses	636,157	1,320,615	-	24,466
Amounts deferred on contract	3,195,629	4,284,118	-	-
Amounts owed to group companies	1,799,570	-	1,243	632,789
Corp Tax	212,793	-	-	-
Accrued interest on loan notes	-	3,390,427	-	3,390,427
Bank Loan	-	875,000	-	875,000
Loan notes	-	15,325,001	-	15,325,001
	<u>9,634,959</u>	<u>29,128,051</u>	<u>1,243</u>	<u>20,292,732</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Loan Notes	-	-	-	-
Bank Loan	-	3,250,000	-	3,250,000
Intercompany loan	-	-	4,384,698	-
Preference Shares	-	23,224	-	23,224
	<u>-</u>	<u>3,273,224</u>	<u>4,384,698</u>	<u>3,273,224</u>

The intercompany loan is unsecured with no fixed repayment date and therefore may not be settled within the next 12 months. Interest is charged at a rate of $\text{libor} + 1.25\%$.

NOTES (continued)

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:	-	16,200,001	-	16,200,001
Amounts falling due between one and two years:	-	3,250,000	-	3,250,000
Amounts falling due between two and five years:	-	-	4,384,698	-
In more than five years	-	23,224	-	23,224
	<u>-</u>	<u>19,473,225</u>	<u>4,384,698</u>	<u>19,473,225</u>

The loan notes are secured by a fixed and floating charges over the assets of all group undertakings. The loan notes carry fixed interest at the basic rate of 11% per annum, payable quarterly in arrears.

During the year, outstanding loan notes and the bank loan were paid off in full as part of the sale transaction.

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:

	2019	2018
	£	£
Preference shares of £1 each (2018: 23,224)	<u>-</u>	<u>23,224</u>

The preference shares carry a fixed preferential dividend at a rate of 5% per annum being paid up on the nominal value of each preference share. The preference dividend accrues from the date of issue to redemption and is paid in arrears immediately prior to a sale or listing or earlier as determined by the directors.

On a winding-up, the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The holders have no voting rights.

NOTES (continued)

17. FINANCIAL INSTRUMENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial assets				
Financial assets that are measured at amortised cost	6,232,578	5,461,339	2,747,310	-
	<u>6,232,578</u>	<u>5,461,339</u>	<u>2,747,310</u>	<u>-</u>
Financial liabilities				
Financial liabilities that are measured at amortised cost	9,313,636	27,994,018	4,385,941	23,542,731
	<u>9,313,636</u>	<u>27,994,018</u>	<u>4,385,941</u>	<u>23,542,731</u>

Financial assets that are measured at amortised cost comprise cash at bank, trade debtors, amounts recoverable on contracts and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accrued expenses, amounts owed to group companies, the bank loan, loan notes and accrued interest on loan notes.

18. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

Group

	Land and buildings		Other operating leases	
	2019	2018	2019	2018
	£	£	£	£
Within one year	116,286	106,286	108,266	162,935
Between one and five years	360,500	385,286	88,165	173,902
In more than five years	-	38,750	-	-
	<u>476,786</u>	<u>530,322</u>	<u>196,431</u>	<u>336,837</u>

During the year, £265,596 was recognised as an expense in the profit and loss account in respect of operating lease (2018: £275,695).

NOTES (continued)

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Loan notes	-	15,325,001	-	15,325,001
Bank Loan	-	4,125,000	-	4,125,000

The loan notes are secured by way of a debenture, fixed and floating charge over the assets, present and future, of the company and all its subsidiaries.

During the year, outstanding loan notes and the bank loan were paid off in full as part of the sale transaction.

20. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	<u>96,422</u>	<u>68,122</u>
Group		
		Deferred tax
		£
Balance at 1 May 2018		(68,122)
Debit to profit and loss account during year		<u>(28,320)</u>
Balance at 30 April 2019		<u><u>96,442</u></u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

	2019	2018
	£	£
2,000,000 A Ordinary shares of 2p each	-	40,000
1,529,412 B Ordinary shares of 5p each	-	76,471
117,648 C Ordinary shares of 5p each	-	5,882
235,294 D Ordinary shares of 0.1p each	-	235
200,000 E Ordinary shares of 5p each	-	10,000
1 Ordinary shares of 100p each	1	-
	<u>1</u>	<u>132,588</u>

The share classes rank pari passu in all respects.

NOTES (continued)

22. RESERVES

Share premium account

The share premium account includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares are deducted from the share premium

Profit and Loss Account

Includes all current and prior period retained profits and losses.

Foreign Currency Reserves

Comprises translation differences arising from the translation of financial information of the Group's foreign entity into GBP.

Capital Contribution Reserve

Following the acquisition of the Group by Hill & Smith Holdings PLC, the loan notes held by the previous vendors were settled in exchange for new shares being issued. Through the settlement of the loan notes, an interim intercompany loan was issued with another company in the Hill & Smith Holdings PLC Group. This has subsequently been converted into £23m of shares. A special resolution has been passed to consolidate all ordinary shares to 1,000 shares with a value of £1. This entry has given rise to a capital contribution reserve of £26.6m, which represents £23.9m of share capital, £2.6m of share premium and £0.085m of capital redemption which were reduced.

23. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The scheme is managed by independent fund managers and its assets/liabilities are held separately from that of the company/group.

The pension charge represents the amount paid by the group and amounted to £172,556 (2018 - £119,502) in the year. There was £9,597 (2018: £17,748) of outstanding contributions to the fund as at the year end.

24. RELATED PARTY DISCLOSURES

There is a composite guarantee between the company and its subsidiary companies Cobaco Limited, ATG Access (Holdings) Limited and ATG Access Limited with regard to a bank loan facility with Natwest during the year

G C Cooper

A director of the company.

During the year loan notes held by G C Cooper of £1,517,106 accrued interest at a basic rate of 11% amounting to £128,441. During the year £641,902 of interest was converted to share capital. At 30 April 2019 these loan notes and any interest owed had been repaid (2018: £367,503).

R N Ball

A director of the company.

During the year loan notes held by R N Ball of £832,895 accrued interest at a basic rate of 11% amounting to £69,279. During the year £347,354 of interest was converted to share capital. As at 30 April 2019, these loan notes and any interest owed had been repaid (2018: £187,085).

NOTES (continued)

24. RELATED PARTY DISCLOSURES (continued)

M Clegg

A director of the company (now resigned)

During the year loan notes held by M Clegg of £75,000 accrued interest at a basic rate of 11% amounting to £6,238. At 30 April 2019, these loan notes and any interest owed had been repaid (2018: £6,099).

Trustees of Alderwell Ltd SSAS

An entity under the control of Mr G C Cooper, a director of the group, in which Mr G C Cooper is also a beneficiary.

During the year the group was charged rent of £100,500 (2018 - £93,000).

Alderwell Limited

A company under the control of Mrs H Cooper, the wife of Mr G C Cooper.

During the year the group was charged consultancy fees of £83,145 (2018 - £93,000).

LDC II LP

A significant shareholder and investor in the group, with representatives, G Gould and J Clarke, as non-executive Board members during the year.

During the year loan notes held by LDC II LP of £12,900,000 accrued interest at a basic rate of 11% amounting to £1,193,356. At 30 April 2019, these loan notes and any interest owed has been repaid (2018 - £2,834,614).

25. POST BALANCE SHEET EVENTS

Following the acquisition of the Group by Hill & Smith Holdings PLC, as part of a wider restructuring exercise, the following transactions have occurred following the year end date.

Investment in Cobaco Ltd has increased by £2.7m from an additional share issue. Investment of £1.4m in ATG Access Ltd was acquired via a dividend from Cobaco Ltd. A further investment of £4.8m was acquired in ATG Access Ltd via an additional share issue.

1,000,000 shares issued to Hill & Smith Ltd for consideration of £9.2m in the form of Intercompany loans, a further 1,000,000 shares were issued to Hill & Smith Ltd in consideration of £12,400,000 in cash. The cash was then used to advance a £12.4m loan to ATG Access Ltd which in turn was used to purchase AAJG Holdings Ltd.

Overall share capital and share premium have been reduced to 1 share at a value of £1, and the investment in Cobaco Ltd has been fully impaired.

26. ULTIMATE PARENT AND CONTROLLING PARTY

The ultimate parent, and controlling party, of the Group and Company is Hill & Smith Holdings PLC, a company registered in England. Copies of the Group Financial Statements may be obtained from Group headquarters Westhaven House, Arleston Way, Shirley, Solihull, B90 4LH.