

## **Verisure Services (UK) Limited**

### **Unaudited financial statements**

For the year ended 31 December 2018

Registered number: 08840095



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## **Company Information**

<b>Directors</b>	L M Gil Lasa J G Sanchez Delgado
<b>Company secretary</b>	A Vaque
<b>Registered number</b>	08840095
<b>Registered office</b>	Unit 1 Ground Floor Brentside Executive Park Great West Road Brentford, London TW8 9HE
<b>Chartered accountants</b>	Buzzacott LLP Chartered Accountants 130 Wood Street London EC2V 6DL

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## Strategic report

For the year ended 31 December 2018

### Strategy

The company expects to continue to increase its market share in the UK alarm industry through increased advertising and further development.

The company will continue to invest in technological advances, which will enable it to offer more bespoke products to customers.

### Principal activity

The principal activity of the company during the year is that of installation of alarm systems and security support services.

### Business review

The directors are satisfied with the company's results. The business continues to gain market share in the security industry.

### Principal risks and uncertainties

The company is exposed to the following risks:

#### Credit risk

The company's maximum exposure to credit risk in relation to financial assets is represented by trade and other debtors. Credit checks on new customers may be carried out from time to time if the board, after due consideration, deem this to be necessary. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

#### Liquidity risk

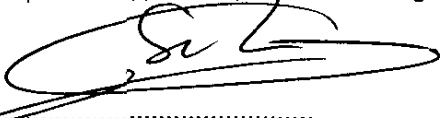
The company uses a cash revolving facility to ensure sufficient funds are available to meet the operating needs of the business. The company expects to hit targets for the foreseeable future to ensure continued use of this facility. The parent company assesses targets and uses this facility to support the company where necessary.

### Financial key performance indicators

The company's financial performance is monitored on a continual basis. The main key performance indicators are as follows:

	2018
Turnover	£15,221,905
Gross profit margin	23.5%

This report was approved by the board and signed on its behalf by:



.....  
**J G Sanchez Delgado**  
Director

Date: 12-09-2019

## **Directors' report**

For the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

### **Results and dividends**

The loss for the year, after taxation, amounted to £18,849,204 (2017 -loss £16,380,993).

### **Directors**

The directors who served during the year were:

L M Gil Lasa

J G Sanchez Delgado

### **Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

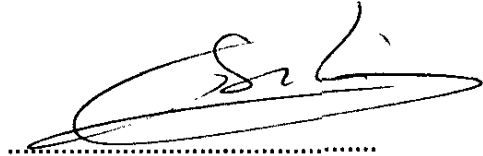
### **Small companies exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**Directors' report (continued)**

For the year ended 31 December 2018

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J G Sanchez Delgado', is written over a dotted line.

**J G Sanchez Delgado**  
Director

Date: 12-09-2019

## Statement of income and retained earnings

For the year ended 31 December 2018

	2018	2017
Turnover	15,221,905	7,576,015
Cost of sales	(11,639,359)	(8,617,360)
<b>Gross profit/(loss)</b>	<b>3,582,546</b>	<b>(1,041,345)</b>
Administrative expenses	(20,398,160)	(14,182,047)
<b>Operating loss</b>	<b>(16,815,614)</b>	<b>(15,223,392)</b>
Interest payable and expenses	(2,033,590)	(1,157,601)
<b>Loss before tax</b>	<b>(18,849,204)</b>	<b>(16,380,993)</b>
<b>Loss after tax</b>	<b>(18,849,204)</b>	<b>(16,380,993)</b>
Accumulated loss at the beginning of the year	(33,108,305)	(16,727,312)
	(33,108,305)	(16,727,312)
Loss for the year	(18,849,204)	(16,380,993)
<b>Accumulated loss at the end of the year</b>	<b>(51,957,509)</b>	<b>(33,108,305)</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

## Statement of financial position

As at 31 December 2018

	Note	2018	2017
<b>Fixed assets</b>			
Intangible assets	9	227,310	352,280
Tangible assets	10	10,056,736	6,295,432
		<u>10,284,046</u>	<u>6,647,712</u>
<b>Current assets</b>			
Stocks	11	2,713,561	1,147,853
Debtors: amounts falling due within one year	12	1,585,191	1,230,114
Cash at bank and in hand	13	1,182,661	-
		<u>5,481,413</u>	<u>2,377,967</u>
Creditors: amounts falling due within one year	14	(67,539,521)	(41,921,186)
<b>Net current liabilities</b>		<u>(62,058,108)</u>	<u>(39,543,219)</u>
<b>Total assets less current liabilities</b>		<u>(51,774,062)</u>	<u>(32,895,507)</u>
Creditors: amounts falling due after more than one year	15	(183,446)	(212,797)
<b>Net liabilities</b>		<u><u>(51,957,508)</u></u>	<u><u>(33,108,304)</u></u>
<b>Capital and reserves</b>			
Share capital	17	1	1
Profit and loss account	18	(51,957,509)	(33,108,305)
		<u><u>(51,957,508)</u></u>	<u><u>(33,108,304)</u></u>

The directors considers that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.




**Statement of financial position (continued)**

As at 31 December 2018

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

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



.....  
**J G Sanchez Delgado**  
Director

Date: 12-09-2019

The notes on pages 9 to 18 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 December 2018

	Share capital	Profit and loss account	Total equity
<b>At 1 January 2017</b>	<b>1</b>	<b>(16,727,312)</b>	<b>(16,727,311)</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(16,380,993)	(16,380,993)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(16,380,993)</b>	<b>(16,380,993)</b>
<b>At 1 January 2018</b>	<b>1</b>	<b>(33,108,305)</b>	<b>(33,108,304)</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(18,849,204)	(18,849,204)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(18,849,204)</b>	<b>(18,849,204)</b>
<b>At 31 December 2018</b>	<b>1</b>	<b>(51,957,509)</b>	<b>(51,957,508)</b>

The notes on pages 9 to 18 form part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2018

	2018	2017
<b>Cash flows from operating activities</b>		
Loss for the financial year	(18,849,204)	(16,380,993)
<b>Adjustments for:</b>		
Amortisation of intangible assets	180,792	127,113
Depreciation of tangible assets	1,700,597	779,338
Loss on disposal of tangible assets	413,814	-
Interest paid	2,033,590	1,157,601
(Increase) in stocks	(1,565,708)	(363,490)
(Increase) in debtors	(347,959)	(311,481)
(Increase) in amounts owed by groups	(7,118)	(27,084)
Increase in creditors	988,396	605,015
Increase in amounts owed to groups	491,888	22,856
<b>Net cash generated from operating activities</b>	<b>(14,960,912)</b>	<b>(14,391,125)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(55,822)	(193,096)
Purchase of tangible fixed assets	(6,234,961)	(4,174,232)
Sale of tangible fixed assets	359,246	-
<b>Net cash from investing activities</b>	<b>(5,931,537)</b>	<b>(4,367,328)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(2,033,590)	(1,157,601)
<b>Net cash used in financing activities</b>	<b>(2,033,590)</b>	<b>(1,157,601)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(22,926,039)</b>	<b>(19,916,054)</b>
Cash and cash equivalents at beginning of year	(40,336,385)	(20,420,331)
<b>Cash and cash equivalents at the end of year</b>	<b>(63,262,424)</b>	<b>(40,336,385)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,182,661	-
Bank overdrafts	(64,445,085)	(40,336,385)
	<b>(63,262,424)</b>	<b>(40,336,385)</b>

## Notes to the financial statements

For the year ended 31 December 2018

### 1. General information

The company is a private company limited by shares and incorporated in England and Wales. Its registered office and principal place of business is Unit 1 Ground Floor, Brentside Executive Park, Great West Road, Brentford, Middlesex, United Kingdom, TW8 9HE. Its registered number is 08840095.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Going concern

At the balance sheet date, the company's liabilities exceeded its assets. The company has received assurance from the parent company, Securitas Direct AB, that they will continue to give financial support to the company for a period of at least twelve months from that date of signing of these financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

On this basis, the parent company considers it appropriate to prepare the financial statements on a going concern basis. However, should the financial support mentioned above not be forthcoming, the going concern basis used in preparing the company's financial statements may be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise. The financial statements do not include any adjustment to the company's assets or liabilities that might be necessary should this basis not continue to be appropriate.

#### 2.3 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.4 Turnover

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

##### Rendering of services

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

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Finance costs

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

#### 2.7 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

#### 2.8 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.9 Intangible assets

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

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

#### 2.10 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	- 20% - 33% straight line
Office equipment	- 20% - 33% straight line
Computer equipment	- 20% - 33% straight line

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

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

#### 2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

#### 2.12 Debtors

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

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.13 Creditors

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

#### 2.14 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks.

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors do not consider that there were any significant areas of estimation uncertainty or application of judgement.

### 4. Turnover

The whole of the turnover is attributable to the distribution and installation of alarm systems.

All turnover arose within the United Kingdom.

### 5. Operating loss

The operating loss is stated after charging:

	2018	2017
Exchange differences	25,218	125,252
Other operating lease rentals	744,872	552,466

## Notes to the financial statements

For the year ended 31 December 2018

### 6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	2017
Wages and salaries	15,250,670	11,249,824
Social security costs	1,510,786	1,063,273
Cost of defined contribution scheme	202,054	73,616
	<u>16,963,510</u>	<u>12,386,713</u>

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

	2018 No.	2017 No.
Employees	<u>586</u>	<u>392</u>

### 7. Directors' remuneration

	2018	2017
Directors' emoluments	239,615	283,210
	<u>239,615</u>	<u>283,210</u>

### 8. Interest payable and similar expenses

	2018	2017
Other loan interest payable	2,033,590	1,157,601
	<u>2,033,590</u>	<u>1,157,601</u>



## Notes to the financial statements

For the year ended 31 December 2018

### 9. Intangible assets

	Computer software
<b>Cost</b>	
At 1 January 2018	505,379
Additions	55,822
At 31 December 2018	561,201
<b>Amortisation</b>	
At 1 January 2018	153,099
Charge for the year	180,792
At 31 December 2018	333,891
<b>Net book value</b>	
At 31 December 2018	227,310
At 31 December 2017	352,280

## Notes to the financial statements

For the year ended 31 December 2018

### 10. Tangible fixed assets

	Plant and machinery	Office equipment	Computer equipment	Total
<b>Cost or valuation</b>				
At 1 January 2018	5,178,518	1,713,148	589,403	7,481,069
Additions	5,241,405	286,672	706,884	6,234,961
Disposals	(896,334)	-	-	(896,334)
At 31 December 2018	9,523,589	1,999,820	1,296,287	12,819,696
<b>Depreciation</b>				
At 1 January 2018	613,820	383,544	188,273	1,185,637
Charge for the year	997,676	385,998	316,923	1,700,597
Disposals	(123,274)	-	-	(123,274)
At 31 December 2018	1,488,222	769,542	505,196	2,762,960
<b>Net book value</b>				
At 31 December 2018	8,035,367	1,230,278	791,091	10,056,736
At 31 December 2017	4,564,698	1,329,604	401,130	6,295,432

### 11. Stocks

	2018	2017
Raw materials and consumables	2,713,561	1,147,853
	<u>2,713,561</u>	<u>1,147,853</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 12. Debtors

	2018	2017
Trade debtors	267,541	189,508
Amounts owed by group undertakings	84,642	77,524
Other debtors	291,617	238,843
Prepayments and accrued income	941,391	724,239
	<u>1,585,191</u>	<u>1,230,114</u>

### 13. Cash and cash equivalents

	2018	2017
Cash at bank and in hand	1,182,661	-
Less: bank overdrafts	(64,445,085)	(40,336,385)
	<u>(63,262,424)</u>	<u>(40,336,385)</u>

### 14. Creditors: amounts falling due within one year

	2018	2017
Bank overdrafts	64,445,085	40,336,385
Trade creditors	603,519	429,018
Amounts owed to group undertakings	661,755	169,867
Other taxation and social security	514,651	130,329
Other creditors	112,290	47,108
Accruals and deferred income	1,202,221	808,479
	<u>67,539,521</u>	<u>41,921,186</u>

The bank overdrafts are on a cash pool revolving facility basis and are guaranteed by the parent undertaking, Verisure Holding AB.

## Notes to the financial statements

For the year ended 31 December 2018

### 15. Creditors: amounts falling due after more than one year

	2018	2017
Accruals and deferred income	183,446	212,797
	<u>183,446</u>	<u>212,797</u>

### 16. Financial instruments

	2018	2017
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>1,182,661</u>	<u>-</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(64,445,085)</u>	<u>(40,336,385)</u>

Financial assets measured at fair value through profit or loss comprise of the bank loans and overdraft facilities.

Financial liabilities measured at amortised cost comprise of loans and overdrafts.

### 17. Share capital

	2018	2017
<b>Allotted, called up and fully paid</b>		
1 (2017 -1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

### 18. Reserves

#### Profit and loss account

Profit and loss account - includes all current and prior period retained losses.

### 19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounted to £202,054 (2017: £73,616). No contributions remained payable to the fund at the reporting date.

## Notes to the financial statements

For the year ended 31 December 2018

### 20. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
Not later than 1 year	1,730,075	616,275
Later than 1 year and not later than 5 years	2,815,449	2,305,726
Later than 5 years	25,546	1,659,005
	<u>4,571,070</u>	<u>4,581,006</u>

### 21. Related party transactions

The company has taken advantage of the exemptions in paragraph 1AC.35 of FRS 102 Section 1A and has not disclosed transactions with wholly owned members of the group.

### 22. Controlling party

The immediate parent undertaking is Securitas Direct AB.

The ultimate parent undertaking and controlling party is Shield Luxco 1 S.à.r.l., a company incorporated in Luxembourg.

Shield Luxco 1 S.à.r.l. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Shield Luxco 1 S.à.r.l. are available from 5, Rue Guillaume Kroll - 1882 Luxembourg.

Verisure Holdings AB is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Verisure Holdings AB can be obtained from Angbatsbron 1, SE-211 20 Malmö, Skåne County.