

Company Registration No. 08922409 (England and Wales)

TYRION SECURITY TOPCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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TYRION SECURITY TOPCO LIMITED

COMPANY INFORMATION

Directors

C Afors
J Darnton
N Holzman
C O'Sullivan
L Newman (Appointed 12 March 2018)
S Hardyman (Appointed 26 July 2018)

Secretary

S Hardyman

Company number

08922409

Registered office

Third Floor
International Buildings
71 Kingsway
London
WC2B 6ST

Auditor

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

TYRION SECURITY TOPCO LIMITED

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TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report and financial statements for the year ended 31 March 2018.

Results and dividends

The loss for the year after taxation amounted to £40.6m (2017 restated: £66.0m). The directors do not recommend a dividend for the year (2017: £nil).

Principal activities

Tyrion Security Topco Limited ("the Company", and together with its subsidiaries, "the Group") is a holding company and the parent of the VPS Group ("VPS").

VPS is a market leader in its selected sectors, the most significant being insurance, social housing, construction and infrastructure, property owners and managers and security or facilities managers. VPS focuses on the provision of value, protection and security to its colleagues and customers in the UK and across Europe.

VPS organises itself by both geography and business type, its principal business types being Property services, Site security, Glazing and Locks and Guardians.

VPS services include providing access control and monitoring via both physical barriers and technology solutions, provided principally through the rental of steel doors, panels, alarms and security towers and the supply and installation of glazing and locks, property inspections and complete property guardian services.

Review of the business

The key financial metric used to assess performance of the Group is adjusted EBITDA (defined as operating profit before depreciation, amortisation and exceptional costs). Adjusted EBITDA was £11.2m, a reduction of £3.3m over the year to March 2018 (note 2).

Operating cash flow was £1.0m, a reduction of £6.5m over the year to March 2018.

Strategy

The Group strategy is to continue to grow the market leading position of VPS in its chosen sectors, with a focus on providing value, protection and security to colleagues and customers in the UK and across Europe.

VPS has four consistent strategic themes operating across all geographies and business types in the Group:

- Be Local and Entrepreneurial - we work closely with our customers
- Become a World Class Selling Organisation - responsive, knowledgeable and ambitious
- Create Organisational Efficiency - ensuring clear communication and simplicity
- Become Easier to Run - creating clarity and ensuring colleague and customers' ease

Principal risks and uncertainties

The Company, and the Group, consider the following to be its principal risks and has outlined an assessment and summary of each as follows:

Access to capital (low risk)

To pursue the Group's strategy of organic growth, it requires access to cash to invest in capital assets and working capital.

Given most of the Group's revenue is generated from a rental model, growth can only typically be delivered by investing in rental equipment assets. Historically, VPS has funded capital expenditure from free cash flow and the FY19 budget for the Group is prepared on this assumption. Following the acquisitions of Evander, Lotus, Redfields, Prodomo and VPS Site Security, the Group has become more capital-intensive and requires funding of not only rental assets but also capital expenditure to support what has become a route-based facility management business, i.e. vehicles, depots and IT. For this reason, the Group embarked on a refinancing exercise which completed in March 2017 and this was revisited in July 2018 – see *Refinancing* section below.

Customer credit risk (moderate risk)

The Group makes sales on normal credit terms and manages the related risks through its credit control procedures. No one customer is larger than 4% (March 2017: 3%).

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The Group has limited exposure to bad debts in the Social Housing and local authority market which contributes 28% of Group revenue. In the Commercial sector, most customers are recognised international property managers and large corporate landowners with a low credit risk, albeit at times with elongated credit terms.

The Group however recognises that the construction sector, a key vertical market for growth in VPSitex SAS and VPS Site Security Limited (formerly Camwatch Limited), has an inherently higher credit risk than other sectors and therefore the Group periodically assesses the credit rating of all customers in this market. The acquisition of Prodomo SAS ("Prodomo") increases our credit risk to the French construction sector. However we are confident that the credit controls, particularly on new account opening and credit limits, that exist within our existing French organisation are appropriate to mitigate this risk.

The Group adopts a standard bad debt provisioning policy across all entities, with the exception of Prodomo where we reflect extended payment profiles.

Pricing risk (moderate)

Pricing risk is considered low risk in the Commercial sector but moderate risk in Social Housing, particularly in France where competitive pressure is building.

The Group's Commercial proposition across the Group is based on alarm technology. Commercial customers are looking for cheaper, more reliable, technology driven security solutions to replace traditional manned guarding or fixed CCTV security solutions. With the VPS solution often less than 10% of the cost of manned guarding, pricing is less of a factor in the buying decision than in the traditional steel security Social Housing market, although it remains very important to ensure we deliver value to the Group's customers. The Commercial strategy is focused on obtaining a greater share of security spend from our existing Commercial customers.

Social Housing revenue is largely fixed for the period of the tendered framework agreement with the customers, typically three years. In our larger markets, small competitors with a lower overhead base and infrastructure are bidding some tenders at low rates. This combined with a reduction in Social Housing budgets in some of our key markets has led to increased pricing pressure in recent years. VPS positions itself as the quality service provider in each of its markets and is often the only service provider which can provide property services, security and other labour-based services nationwide. VPS is undertaking several cost out programs to ensure its cost to serve clients is competitive versus lower cost providers.

Product failure (low risk)

The Group's Towers monitor high value assets at customer properties. Any product failure could result in theft of or damage to customers' assets leading to both financial and reputational risk to VPS. The Group manages this risk by servicing all Towers at the end of their rental period together with despatching its team of engineers to periodically test Towers at customers' locations. As our Tower base increases in Europe, we are investing in qualified local electronic engineering resource and training in each of our key European markets.

All installations are based on detailed evaluations of the site, completed by the Group's in-house surveyor and CAD team, to ensure all risk areas of a site are appropriately protected and customers are aware and accept that some areas of the site are not visible to the Tower. The Group also carries all the normal public and product liability insurance policies to the required level of its customers.

Refinancing

In January 2018 the group embarked on a refinancing exercise to put in place an appropriate capital structure based on a revised business plan for the period up to and including FY22. The business plan was prepared by management with the assistance of external resource to assess the key markets in which VPS operates. This process was completed on 17 August 2018.

TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Under the new arrangement, the company's lenders have agreed to reduce and restructure the senior debt from £103.3m to £65.1m composed of Senior Debt of £50.1m (with 5.1% amortised in FY2021 and 8.1% in FY 2022 maturing in July 2022 with an interest rate of LIBOR plus 4.28%) and £15m held as mezzanine lender debt (with no amortisation and maturing in July 2022 with a coupon rate of 8%). VPS majority shareholder, PAI Partners SAS injected £15m of new cash held as PAI mezzanine debt maturing in July 2022 with a coupon rate of 8%. In exchange for previously held loan notes and rolled up interest totalling £71.2m, PAI also subscribed for 100 A ordinary shares of £0.01 each at a total subscription price of £20m and made a capital contribution of £51.2m. In summary, debt has reduced by £109.4m as a result of the refinancing.

Key performance indicators

The Group considers the following to be its key performance indicators ("KPIs"):

KPI	At March 2018	Change in the year
Properties managed (excluding Evander)	31,853	+578 (+2%)
Tower numbers	588	+64 (+12%)
Guardian numbers	2,978	+198 (+7%)
Alarm numbers	8,470	-981 (-10%)
Total headcount	1,699	+8 (+0.5%)

On behalf of the board



J Darnton

Director

28 September 2018

TYRION SECURITY TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Directors

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

C Afors

J Darnton

N Holzman

C O'Sullivan

D Taylor-Smith

(Resigned 20 March 2018)

L Newman

(Appointed 12 March 2018)

S Hardyman

(Appointed 26 July 2018)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Equal opportunities and employment policy

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

Should an existing employee's circumstances change, 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 wherever possible.

Employee involvement

During the year, the policy of providing employees with information about the Group has continued through regular employee updates, including increased use of social media, together with divisional meetings. Employees are actively encouraged to present their suggestions and views on the Group's performance. A free flow of information between the directors, managers and employees ensures that every person has an opportunity to contribute ideas to the Group.

Health and safety

The Group strives to provide and maintain a safe environment for all employees, clients and visitors to its premises and comply with the relevant health and safety legislation. The Group is committed to the wellbeing of its employees and actively promotes best practice in the work place.

The environment

The Group recognises that it is part of the wider community of employees, clients and suppliers amongst others and recognises that it has a responsibility to act in a way that respects the environment. The Group actively encourages staff to act in an environmentally responsible manner, particularly in the development of recycling and energy conservation policies to ensure finite resources are not dissipated.

Political donations

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

TYRION SECURITY TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 to 4.


Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Auditor

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

On behalf of the board



J Darnton
Director

28 September 2018

TYRION SECURITY TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Statement of directors' responsibilities

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 group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

Opinion

We have audited the financial statements of Tyrion Security Topco Limited ("the company") for the year ended 31 March 2018 which comprise the consolidated income statement and statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

Responsibilities of directors

As explained more fully in their statement set out on 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

22 November 2018

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

		2018 £'000	Restated (see note 1.22) 2017 £'000
	Notes		
Revenue		134,620	129,968
Cost of sales		(78,356)	(73,956)
Gross profit		56,264	56,012
Recurring administrative expenses		(62,550)	(60,397)
Non-underlying administrative expenses	3	(21,427)	(43,560)
Total administrative expenses		(83,977)	(103,957)
Operating loss (Adjusted EBITDA is disclosed in Note 2)	4	(27,713)	(47,945)
Finance costs	7	(13,640)	(21,220)
Loss before taxation		(41,353)	(69,165)
Taxation	8	1,384	3,952
Loss from continuing operations		(39,969)	(65,213)
Loss for the year		(39,969)	(65,213)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Actuarial loss		(41)	-
Foreign exchange reserve movement		(573)	(749)
Total comprehensive loss for the year		(40,583)	(65,962)

All of the comprehensive loss is attributable to the equity holders of the parent undertaking.

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

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2018

			Restated (see note 1.22)
	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	9	14,722	13,748
Intangible assets	10	76,876	103,506
		<u>91,598</u>	<u>117,254</u>
Current assets			
Inventories	13	1,877	1,435
Trade and other receivables	14	39,450	32,532
Cash and cash equivalents		4,898	6,482
		<u>46,225</u>	<u>40,449</u>
Total assets		<u>137,823</u>	<u>157,703</u>
Current liabilities			
Interest-bearing loans and borrowings	17	(5,809)	(5,580)
Trade and other payables	15	(36,774)	(33,442)
Provisions	19	(802)	(2,060)
Deferred tax liabilities	12	(2,090)	(2,090)
		<u>(45,475)</u>	<u>(43,172)</u>
Total assets less current liabilities		<u>92,348</u>	<u>114,531</u>
Equity attributable to equity holders of the parent			
Share capital	20	23	12
Share premium	20	1,545	1,267
Other reserves		102,361	103,027
Retained earnings		(190,214)	(150,204)
Total equity		<u>(86,285)</u>	<u>(45,898)</u>
Non-current liabilities			
Interest-bearing loans and borrowings	17	98,227	96,092
Trade and other payables	15	72,284	54,206
Provisions	19	1,124	1,492
Deferred tax liabilities	12	6,998	8,639
		<u>178,633</u>	<u>160,429</u>
Total equity plus non-current liabilities		<u>92,348</u>	<u>114,531</u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2018 and are signed on its behalf by:



J Darnton (Director)

Company Registration No. 08922409

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £'000	Share premium £'000	Translation reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2016 as previously reported		12	1,260	4,784	-	(51,412)	(45,357)
Prior period adjustment	1.22	-	-	24	-	(33,579)	(33,555)
As restated		12	1,260	4,808	-	(84,991)	(78,911)
Year ended 31 March 2017:							
Loss and total comprehensive income for the year		-	-	-	-	(80,813)	(80,813)
Issue of share capital		-	7	-	185	-	192
Other comprehensive income		-	-	(2,034)	-	-	(2,034)
Prior period adjustment	1.22	-	-	1,285	-	15,600	16,885
Capital contribution		-	-	-	98,783	-	98,783
Balance at 31 March 2017		12	1,267	4,059	98,968	(150,204)	(45,898)
Year ended 31 March 2018:							
Loss and total comprehensive income for the year		-	-	-	-	(39,969)	(39,969)
Issue of share capital		11	278	-	-	-	289
Other comprehensive income		-	-	(573)	-	(41)	(614)
Capital contribution		-	-	-	(93)	-	(93)
Balance at 31 March 2018		23	1,545	3,486	98,875	(190,214)	(86,285)

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

TYRION SECURITY TOPCO LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

		2018	Restated (see note 1.22)
	Notes	£'000	2017 £'000
Cash flows from operating activities			
Loss for the year		(39,969)	(65,213)
Adjustments for:			
Depreciation, amortisation and impairment		34,256	56,664
Foreign exchange (gains) / losses		321	1,237
Financial expenses		13,640	21,220
Profit on sale of property, plant and equipment		(204)	(31)
Taxation		(1,384)	(3,952)
		6,660	9,925
Increase in trade and other receivables		(6,918)	(1,137)
(Increase) / decrease in inventories		(442)	(687)
Increase in trade and other payables		3,335	(89)
Decrease in provisions		(1,626)	(443)
		1,009	7,569
Tax paid		(49)	(77)
Net cash from operating activities		960	7,492
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	-
Acquisition of property, plant and equipment		(7,436)	(9,492)
Proceeds from sale of property, plant and equipment		1,058	112
Net cash used in investing activities		(6,378)	(9,380)
Cash flows from financing activities			
Proceeds from issue of shares		289	7
Proceeds from borrowings		4,750	3,500
Loans received from related parties		10,000	10,000
Interest paid		(4,658)	(5,923)
Repayment of borrowings		(4,629)	(6,894)
Payment of finance lease liabilities		(1,918)	(1,865)
Net cash from financing activities		3,834	(1,175)
Net (decrease) / increase in cash and cash equivalents		(1,584)	(3,063)
Cash and cash equivalents at 1 April		6,482	9,545
Cash and cash equivalents at 31 March		4,898	6,482

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Tyrion Security Topco Limited (the "Company") is a company incorporated and domiciled in the UK.

1.1 Basis of preparation

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group and Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

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

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year are discussed in note 1.21.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis, except for derivative financial instruments and financial instruments classified as fair value through profit or loss.

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on page 1.

In addition, note 16 to the financial statements includes the Group's main areas of financial risk plus the processes for managing exposure to credit risk, liquidity risk, currency risk and interest rate risk.

As highlighted in notes 15 and 17 to the financial statements, the Group currently meets its day-to-day working capital requirements through loan facilities and a Revolving Credit Facility.

In January 2018 the group embarked on a refinancing exercise to put in place an appropriate capital structure based on a revised business plan for the period up to and including FY22. The business plan was prepared by management with the assistance of external resource to assess the key markets in which VPS operates. This process was completed on 17 August 2018.

Under the new arrangement, the company's lenders have agreed to reduce and restructure the senior debt from £103.3m to £65.1m composed of Senior Debt of £50.1m (with 5.1% amortised in FY2021 and 8.1% in FY 2022 maturing in July 2022 with an interest rate of LIBOR plus 4.28%) and £15m held as mezzanine lender debt (with no amortisation and maturing in July 2022 with a coupon rate of 8%). VPS majority shareholder, PAI Partners SAS injected £15m of new cash held as PAI mezzanine debt maturing in July 2022 with a coupon rate of 8%. In exchange for previously held loan notes and rolled up interest totalling £71.2m, PAI also subscribed for 100 A ordinary shares of £0.01 each at a total subscription price of £20m and made a capital contribution of £51.2m. In summary, debt has reduced by £109.4m as a result of the refinancing.

Taking account of possible changes in trading performance, these forecasts show that the Group will be able to operate within the level of the equity, loan and credit facilities currently in place. The directors therefore have a reasonable expectation that the Group will have sufficient cash resources and banking facilities to continue in operational existence for at least the next twelve months after the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement and statement of comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

The functional and presentational currency of the Group is Sterling.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.6 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

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

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

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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 Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.8 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. These derivatives do not qualify for hedge accounting and therefore are accounted for as trading instruments and the movement in fair value is recognised in the income statement.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful economic lives are as follows:

Plant and equipment	6 years
Rental equipment	2 - 6 years
Motor vehicles	4 years

Depreciation methods, useful economic lives and residual values are reviewed at each balance sheet date.

1.10 Business combinations

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests in the acquiree, plus the fair value of the existing equity interest in the acquiree over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred and disclosed as non-recurring administrative expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.11 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for 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 and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to administrative expenses in the income statement on a straight line basis over the estimated useful economic lives of intangible assets. The estimated useful economic lives vary within the ranges set out below depending on the trading characteristics of the businesses to which the assets relate and the Group's long-term plans for those businesses:

- | | |
|-----------------------------------|--------------|
| • patents and trademarks | 5 years |
| • customer-related intangibles | 5 - 12 years |
| • marketing and brand intangibles | 3 - 15 years |
| • technology intangibles | 6 years |

Goodwill is systematically tested for impairment at each balance sheet date.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

1.13 Impairment excluding inventories and deferred tax

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group 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 income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

Where proceeds received for shares issued by the Company to senior management of subsidiary undertakings are less than the fair value of the shares issued, the difference between proceeds received and the fair value of the shares issued is charged to the income statement. Share capital and share premium are credited with the fair value of the shares issued.

1.15 Provisions

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

1.16 Revenue

Revenue comprises amounts (excluding sales taxes and discounts) derived from the provision of security equipment on a rental basis and labour-based services.

Revenue from rental contracts is recognised on a straight line basis over the contract term.

Revenue from the supply of labour-based services represents the value of services provided under the contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

At the date of signing the financial statements a project was underway to assess the impact of *IFRS 15 Revenue from Contracts with Customers* on revenue recognition.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.17 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

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

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

1.18 Taxation

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

Current tax

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.19 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been closed, disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon closure, disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.20 Adopted IFRS not yet applied

The following Adopted IFRS have been issued but have not been applied by the Group in these financial statements. The directors are still assessing the impact of these standards but with the exception of the leasing and revenue standards they are not expected to have a material effect on the financial statements:

- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018)
- IFRS 16 Leases (effective date to be confirmed)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7: Disclosure Initiative (effective date to be confirmed)
- Amendments to IFRS 2: Classification and Measurement of Share-Based Payment Transactions (effective date to be confirmed)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date to be confirmed)

1.21 Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- In relation to the Group's property, plant and equipment (note 9), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to potential impairment of the carrying value of such assets. No circumstances have been identified to suggest that this is the case.
- Goodwill is reviewed annually to assess the requirement for impairment. Other intangible assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the carrying value of such assets is not supportable. Impairment testing on goodwill is carried out in accordance with the analyses described in note 10. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in particular markets as well as short-term business performance. The directors draw upon experience as well as external resources in making these judgements.
- The Group has provisions for onerous lease obligations and dilapidation expenditure. The liability for onerous lease obligations is an accurate calculation to the earlier of the break in the lease or the termination date. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot of office / depot space.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.22 Prior period adjustment

In prior periods income received totalling £1,509,105 was recognised as revenue in the Consolidated Income Statement and Statement of Comprehensive Income. In line with IAS 17 Leases this revenue was recognised too early and should have been recognised over the life of the lease. In the year ended 31 March 2017, revenue along with retained earnings, deferred income and the Translation Reserve have been corrected by way of a prior period adjustment. This has had the effect of increasing revenue by £43,259 in FY17 and reducing revenue by £21,572 in FY16. Retained earnings were reduced by £1,409,789 (FY16: £1,453,048) along with recognising a deferred income liability of £1,410,579 (FY16: £1,454,577). As a result of this adjustment there was a cumulative decrease in the Translation Reserve of £790 (FY17: £739 increase, FY16: £1,529 decrease).

During the year management reviewed the model used to undertake the annual impairment review of intangibles. The review highlighted the need to allocate the intangibles arising from the Lucas acquisition to smaller Cash Generating Units (CGUs) as reported internally by management. In doing so, this also highlighted the need to carry intangibles at local currency and account for any foreign exchange movement on conversion at the closing rate.

As a result of the reallocation of intangibles to the correct CGUs it was identified that in prior years an additional impairment of £18,123,958 (an increase of £3,804,306 and £28,995,630 in FY15 and FY16 respectively and a decrease of £14,675,978 in FY17) should have been recognised in relation to intangibles assets including goodwill. There was also a cumulative increase of £1,283,155 (FY17: £1,284,608 increase, FY16: £129,334 decrease and FY15: £127,881 increase) in Translation Reserves from the translation of Euro denominated intangibles to Sterling at the closing rate. Due to the correction of translation from Euro to Sterling amortisation of intangibles also reduced by £536,067 (FY17: £399,697 and FY16: £136,370). As a result of these corrections there was a reduction in retained earnings of £17,587,892 (FY16: £32,663,567). This has been corrected by way of a prior period adjustment. Please see note 10 for more details.

The deferred tax liability was also revised in light of the adjustments made to intangibles. The adjustment to deferred tax gave rise to a charge in the income statement of £481,000 (FY16: £750,000) and a cumulative decrease in the deferred tax liability of £1,044,000 (FY17: £480,000 and FY16: £564,000). In relation to the adjustment of deferred tax there was a cumulative increase of £1,019,000 (FY17: £481,000 and FY16: £538,000) and a cumulative increase of £25,000 (FY17: £1,000 decrease and FY16: £26,000) in retained earnings and the Translation Reserve respectively.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Year ended 31 March 2016

	2016 £'000 (as previously reported)	Impact of Revenue Prior Period Adjustment £'000	Impact of Intangibles Prior Period Adjustment £'000	Impact of Deferred tax Prior Period Adjustment £'000	2016 £'000 (restated)
Revenue	90,039	(22)	-	-	90,017
Cost of sales	(44,831)	-	-	-	(44,831)
Gross profit	45,208	(22)	-	-	45,186
Recurring admin expenses	(44,871)	-	136	-	(44,735)
Non-recurring admin expenses	(19,314)	-	(28,996)	-	(48,310)
Total administrative expenses	(64,185)	-	(28,860)	-	(93,045)
Operating loss	(18,977)	(22)	(28,860)	-	(47,859)
Finance costs	(17,305)	-	-	-	(17,305)
Loss before taxation	(36,282)	(22)	(28,860)	-	(65,164)
Taxation	2,150	-	-	750	2,900
Loss from continuing operations	(34,132)	(22)	(28,860)	750	(62,264)
Loss for the year	(34,132)	(22)	(28,860)	750	(62,264)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign exchange reserve movement	2,486	(2)	(129)	26	2,381
Total comprehensive loss for the year	(31,646)	(24)	(28,989)	776	(59,883)

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

	2016 £'000 (as previously reported)	Impact of Revenue Prior Period Adjustment £'000	Impact of Intangibles Prior Period Adjustment £'000	Impact of Deferred tax Prior Period Adjustment £'000	2016 £'000 (restated)
Non-current assets					
Property, plant and equipment	12,693	-	-	-	12,693
Intangible assets	179,584	-	(32,665)	-	146,919
	192,277	-	(32,665)	-	159,612
Current assets					
Inventories	748	-	-	-	748
Trade and other receivables	31,394	-	-	-	31,394
Cash and cash equivalents	9,545	-	-	-	9,545
Deferred tax liabilities	197	-	-	-	197
	41,884	-	-	-	41,884
Total assets	234,161	-	(32,665)	-	201,496
Current liabilities					
Interest-bearing loans	(4,707)	-	-	-	(4,707)
Trade and other payables	(32,824)	(374)	-	-	(33,198)
Provisions	(2,478)	-	-	-	(2,478)
Deferred tax asset	(2,121)	-	-	-	(2,121)
	(42,130)	(374)	-	-	(42,504)
Total assets less current liabilities	192,031	(374)	(32,665)	-	158,992
Equity attributable to equity holders of the parent					
Share capital	12	-	-	-	12
Share premium	1,260	-	-	-	1,260
Other reserves	4,783	(2)	(1)	26	4,806
Retained earnings	(51,412)	(1,453)	(32,664)	538	(84,991)
Total equity	(45,357)	(1,455)	(32,665)	564	(78,913)
Non-current liabilities					
Interest-bearing loans	95,606	-	-	-	95,606
Trade and other payables	127,092	1,081	-	-	128,173
Provisions	1,518	-	-	-	1,518
Deferred tax liabilities	13,172	-	-	(564)	12,608
	237,388	1,081	-	(564)	237,905
Total equity plus non-current liabilities	192,031	(374)	(32,665)	-	158,992

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Year ended 31 March 2017

	2017 £'000 (as previously reported)	Impact of Revenue Prior Period Adjustment £'000	Impact of Intangibles Prior Period Adjustment £'000	Impact of Deferred tax Prior Period Adjustment £'000	2017 £'000 (restated)
Revenue	129,925	43	-	-	129,968
Cost of sales	(73,956)	-	-	-	(73,956)
Gross profit	55,969	43	-	-	56,012
Recurring admin expenses	(60,797)	-	400	-	(60,397)
Non-recurring admin expenses	(58,236)	-	14,676	-	(43,560)
Total administrative expenses	(119,033)	-	15,076	-	(103,957)
Operating loss	(63,064)	43	15,076	-	(47,945)
Finance costs	(21,220)	-	-	-	(21,220)
Loss before taxation	(84,284)	43	15,076	-	(69,165)
Taxation	3,471	-	-	481	3,952
Loss from continuing operations	(80,813)	43	15,076	481	(65,213)
Loss for the year	(80,813)	43	15,076	481	(65,213)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign exchange reserve movement	(2,033)	1	1,284	(1)	(749)
Total comprehensive loss for the year	(82,846)	44	16,360	480	(65,962)

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

	2017 £'000 (as previously reported)	Impact of Revenue Prior Period Adjustment £'000	Impact of Intangibles Prior Period Adjustment £'000	Impact of Deferred tax Prior Period Adjustment £'000	2017 £'000 (restated)
Non-current assets					
Property, plant and equipment	13,748	-	-	-	13,748
Intangible assets	119,811	-	(16,305)	-	103,506
	<u>133,559</u>	<u>-</u>	<u>(16,305)</u>	<u>-</u>	<u>117,254</u>
Current assets					
Inventories	1,435	-	-	-	1,435
Trade and other receivables	32,532	-	-	-	32,532
Cash and cash equivalents	6,482	-	-	-	6,482
	<u>40,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,449</u>
Total assets	<u>174,008</u>	<u>-</u>	<u>(16,305)</u>	<u>-</u>	<u>157,703</u>
Current liabilities					
Interest-bearing loans	(5,580)	-	-	-	(5,580)
Trade and other payables	(32,955)	(488)	-	-	(33,443)
Provisions	(2,060)	-	-	-	(2,060)
Deferred tax liabilities	(2,090)	-	-	-	(2,090)
	<u>(42,685)</u>	<u>(488)</u>	<u>-</u>	<u>-</u>	<u>(43,173)</u>
Total assets less current liabilities	<u>131,323</u>	<u>(488)</u>	<u>(16,305)</u>	<u>-</u>	<u>114,530</u>
Equity attributable to equity holders of the parent					
Share capital	12	-	-	-	12
Share premium	1,267	-	-	-	1,267
Other reserves	101,718	(1)	1,283	25	103,025
Retained earnings	(132,225)	(1,410)	(17,588)	1,019	(150,204)
Total equity	<u>(29,228)</u>	<u>(1,411)</u>	<u>(16,305)</u>	<u>1,044</u>	<u>(45,900)</u>
Non-current liabilities					
Interest-bearing loans	96,092	-	-	-	96,092
Trade and other payables	53,283	923	-	-	54,206
Provisions	1,492	-	-	-	1,493
Deferred tax liabilities	9,683	-	-	(1,044)	8,639
	<u>160,550</u>	<u>923</u>	<u>-</u>	<u>(1,044)</u>	<u>160,430</u>
Total equity plus non-current liabilities	<u>131,322</u>	<u>(488)</u>	<u>(16,305)</u>	<u>-</u>	<u>114,530</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Adjusted EBITDA

	2018 £'000	Restated 2017 £'000
Operating loss	(27,713)	(47,945)
Add back:		
Depreciation	6,240	8,181
Amortisation	10,870	11,348
Impairment of intangibles	17,146	37,293
Non-underlying costs	4,032	6,260
Acquisition costs expensed	249	7
Foreign exchange	409	(614)
Adjusted EBITDA	11,233	14,530

Adjusted EBITDA as calculated above is the preferred measure of operating and cash generating performance of the underlying businesses.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Non-underlying administrative expenses

Included in the income statement are the following:

	2018 £'000	Restated 2017 £'000
Non-underlying costs:		
Advisor fees	1,614	1,165
Acquisition costs	249	7
Restructuring costs	1,652	5,498
Other	766	(403)
Total non-underlying costs	4,281	6,267
Impairment loss on intangibles	17,146	37,293
Total	21,427	43,560

Included within advisor fees are amounts related to the Group's refinancing and legal and HR advice on the restructuring (see below).

Acquisition costs consist of legal and professional advisor fees on potential acquisitions.

Restructuring costs include people-related costs such as redundancy, senior management recruitment and dual salaries (2017: £3,447,000).

Other non-underlying costs primarily include a write-down / write-back of historical balances across the Group following a detailed review by new management and cost associated with the disposal of Protel SAS.

In management's view, the non-underlying administrative expenses are non-operational costs incurred and charges not directly related to ongoing trading activity, and so they should be disclosed separately to better present a view of the trading results of the Group.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4	Operating loss	2018 £'000	Restated 2017 £'000
	Operating loss for the year is stated after charging/(crediting):		
	Amortisation of intangible assets	10,870	11,348
	Impairment of intangibles	17,146	37,293
	Depreciation:		
	- of owned property, plant and equipment	4,702	6,685
	- of property, plant and equipment held under hire-purchase and finance leases	1,538	1,496
	Profit on disposal of property, plant and equipment	(204)	(31)
	Operating lease rentals - plant and machinery	1,284	1,071
	Operating lease rentals - vehicles	2,190	2,692
	Auditors remuneration:		
	- audit of these financial statements	9	8
	- audit of subsidiary undertaking financial statements	234	209
	Amounts receivable by the Company's auditor and its associates in respect of:		
	- taxation compliance services	75	56
	- other tax advisory services	37	5
		<u> </u>	<u> </u>

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. In the current and prior year audited consolidated financial statements were prepared for Tyrion Security Midco Limited, and only a small amount of additional work was required to audit these consolidated financial statements.

In addition to the amortisation of intangible assets above there was an impairment of goodwill of £17,146,000 (2017 restated: £37,293,000) charged as a non-recurring administrative expense (note 3).

The profit on disposal of hire equipment is included within profit before financing as it results from the routine disposal of tools and equipment and it reflects an excess of depreciation previously charged.

5 Employees

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

	2018 Number	2017 Number
Operational	1,038	1,065
Administration, sales and marketing	661	626
	<u> </u>	<u> </u>
	1,699	1,691
	<u> </u>	<u> </u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5 Employees

(Continued)

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	51,281	48,257
Social security costs	7,968	9,520
Share-based payment	-	89
	<u>59,249</u>	<u>57,866</u>

The Group contributes to defined contribution pension schemes for all qualifying employees. The assets of the schemes are held and managed independently from those of the Group. The total cost of the pension contributions charged to the consolidated income statement was £1,565,372 (2017: £1,727,487). As at 31 March 2018 contributions of £72,721 (2017: £75,379) were due to the schemes.

6 Directors' remuneration

The directors are the key management personnel of the Group.

	2018 £'000	2017 £'000
Directors' remuneration	1,055	873
Bonus	-	-
Share-based payment	-	89
Company pension contributions to defined contribution schemes	14	25
	<u>1,069</u>	<u>987</u>

No directors (2017: 0) accrued benefits in respect of a money purchase pension plan.

The highest paid director received remuneration of £681,136 (2017: £461,981). No contributions were paid to money purchase pension plans for the highest paid director.

The 4 non-executive directors received no remuneration as they are employed by the ultimate controlling shareholder PAI Partners SAS. PAI Partners SAS charges a monitoring fee to the Group.

During the year, the Company issued new voting, non-voting and deferred shares at fair value to certain members of key management throughout the Group under a Management Incentive Plan. The Company also issued new voting and non-voting shares to certain members of key management throughout the Group in exchange for loan notes that they already held.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Finance costs

	2018 £'000	2017 £'000
Loss on fair value hedged items attributable to the hedged risk	(25)	(99)
Total interest expense on financial liabilities measured at amortised cost	(6,069)	(6,321)
Interest on loan notes	(7,455)	(14,673)
Finance lease interest	(91)	(127)
Total finance costs	<u>(13,640)</u>	<u>(21,220)</u>

8 Income tax expense

Recognised in the income statement

	2018 £'000	Restated 2017 £'000
Current tax		
UK corporation tax on profits for the current period	435	406
Deferred tax		
Origination and reversal of temporary differences	(1,585)	(2,485)
Changes in tax rates	(234)	(1,873)
	<u>(1,819)</u>	<u>(4,358)</u>
Total tax (credit)	<u>(1,384)</u>	<u>(3,952)</u>

Recognised in other comprehensive income

Deferred tax charge	173	555
Total	<u>173</u>	<u>555</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8 Income tax expense (Continued)

Reconciliation of effective tax rate

	2018 £'000	Restated 2017 £'000
Loss before taxation	(41,353)	(69,165)
Expected tax credit based on a corporation tax rate of 19.00%	(7,857)	(13,833)
Effect of expenses not deductible in determining taxable profit	3,235	2,174
Unutilised tax losses carried forward	229	2,182
Effect of change in UK corporation tax rate	(234)	(1,873)
Non tax-deductible amortisation and impairment	3,258	7,398
R&D credit	(15)	-
Taxation credit for the year	(1,384)	(3,952)

The Group has approximately £37.4m (2017: £44m) of tax losses carried forward. No deferred tax asset has been recognised on losses carried forward due to the lack of visibility of taxable profits arising in the near term.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Property, plant and equipment

	Rental equipment £'000	Motor vehicles £'000	Plant and equipment £'000	Total £'000
Cost				
Balance at 1 April 2016	55,412	8,655	15,684	79,751
Additions	5,825	2,587	1,080	9,492
Disposals	(2,072)	(969)	(220)	(3,261)
Effects of movements on foreign exchange	2,636	171	231	3,038
Balance at 31 March 2017	61,801	10,444	16,775	89,020
Additions	3,778	2,863	795	7,436
Disposals	(10,586)	(1,434)	(274)	(12,294)
Effects of movements on foreign exchange	2,941	256	253	3,450
Balance at 31 March 2018	57,934	12,129	17,549	87,612
Accumulated depreciation and impairment				
Balance at 1 April 2016	48,316	5,243	13,499	67,058
Depreciation charge for the year	4,907	2,191	1,083	8,181
Disposals	(1,471)	(901)	(173)	(2,545)
Effects of movements on foreign exchange	2,312	75	191	2,578
Balance at 31 March 2017	54,064	6,608	14,600	75,272
Depreciation charge for the year	3,178	2,019	1,043	6,240
Disposals	(10,262)	(988)	(81)	(11,331)
Effects of movements on foreign exchange	2,414	96	199	2,709
Balance at 31 March 2018	49,394	7,735	15,761	72,890
Net book value				
At 31 March 2018	8,540	4,394	1,788	14,722
At 31 March 2017	7,737	3,836	2,175	13,748

Leased plant and machinery

At 31 March 2018 the net carrying amount of leased rental equipment and motor vehicles was £3,576,658 (2017: £3,600,660). The leased equipment secures lease obligations to lease finance companies (note 17).

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Intangible assets

	Goodwill	Customers and marketing	Technology	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 April 2016	111,513	86,683	5,992	6,557	210,745
Other additions - externally purchased	-	-	-	675	675
Disposals	-	-	-	(15)	(15)
Effects of movements in foreign exchange	1,767	3,341	20	80	5,208
Balance at 31 March 2017	113,280	90,024	6,012	7,297	216,613
Other additions - externally purchased	-	-	-	468	468
Disposals	-	-	-	(176)	(176)
Effects of movements in foreign exchange	236	1,102	7	(33)	1,312
Balance at 31 March 2018	113,516	91,126	6,019	7,557	218,218
Amortisation and impairment					
Balance at 1 April 2016 restated	38,660	18,495	1,761	4,910	63,826
Charge for the year restated	-	9,841	969	538	11,348
Impairment loss restated	36,988	305	-	-	37,293
Foreign currency adjustments restated	-	585	2	53	640
Balance at 31 March 2017 restated	75,648	29,226	2,732	5,501	113,107
Charge for the year	-	9,405	971	494	10,870
Impairment loss	17,146	-	-	-	17,146
Foreign currency adjustments	-	242	1	(25)	218
Balance at 31 March 2018	92,794	38,873	3,704	5,971	141,342
Net book value					
At 31 March 2018	20,722	52,253	2,315	1,586	76,876
At 31 March 2017 restated	37,632	60,798	3,280	1,796	103,506

"Other" intangible assets include fees paid for patents, trademarks, and advisor and development costs paid for software for the key Group operating systems.

Amortisation is recognised in recurring administrative expenses in the income statement.

Customer-related assets have useful economic lives recognised at the time of acquisition of between 5 and 12 years. Customer-related assets are based on the present value of projected cash flows, in excess of the returns on contributory assets, over the life of the relationship with customers.

Marketing-related assets have useful economic lives recognised at the time of acquisition of between 3 and 15 years. Marketing-related assets represent the benefit of not having to pay royalties to licence the right to use marketing-related intangible assets.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Intangible assets

(Continued)

Technology-related assets have useful economic lives recognised at the time of acquisition of 6 years. Technology-related assets represent the benefit of not having to incur costs in the design, development and testing of acquired technology.

Goodwill is the only intangible asset with an indefinite life. Goodwill has been allocated to seven cash-generating units as follows:

	2018 £'000	Restated 2017 £'000
VPS (UK) Limited	9,650	9,650
VPSitex SAS	3,342	3,249
Netherlands	3,356	3,263
VPS Site Security Limited	-	5,026
Redfields Landscaping & Design Limited	1,714	1,714
Prodomo SAS	1,829	1,778
Evander Glazing & Locks Limited	831	12,951

The recoverable amount of each CGU has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

VPS (UK) Limited	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%
VPSitex SAS	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%
Netherlands	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%
Site Security CGU	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%
Redfields Landscaping and Design CGU	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Intangible assets

(Continued)

Prodomo SAS CGU	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%
Evander Glazing and Locks CGU	2018	2017
Period on which management-approved forecasts are based	5 years	5 years
Growth rate applied from year 5	1%	-
Post tax discount rate	12%	12%

Cash generation is calculated as forecast EBITDA less projected capital expenditure ("capex"). From the year ended 31 March 2018 to 31 March 2023, budgeted capex supports the Group's growth strategy across the UK and Europe. From 1 April 2022, anticipated capex spend is proportionate to the EBITDA growth with a reference point of FY22 forecast EBITDA and capex for each CGU.

The projected reduction in future rental revenue and increase in required capex investment across the Group has led to a £17,146,000 (2017 restated: £37,293,022) impairment loss calculated on a value in use basis, which has been recognised as a write-down of goodwill. Following this impairment, there is no difference between the carrying amount and the recoverable amount of the goodwill or intangibles balances at the balance sheet date.

The projections for each CGU have been prepared on a prudent basis. Were growth rates to be below those modelled in Rental CGUs (VPS Holdings, Site Security or Prodomo SAS) the business would naturally reduce capex to a minimum level and this typically offsets a reduction in EBITDA so that cash flows remain consistent with projections.

For Service CGUs (Redfields Landscaping & Design and Evander), there is limited ability to offset lower growth with a reduction in capex, as capex in these CGUs is typically low. However, the multi-year, tendered, predictable nature of the contractual revenue streams of both businesses means that the probability of growth rates not being met is lower. The Evander CGU is dependent on fulfilment of insurance leads which has marginally reduced over recent years. We have therefore modelled this CGU with no growth and in the event that leads contract we have a series of additional cost savings which could be actioned that have not been modelled.

On the basis of the above, a range of sensitised trading scenarios, carried out on all impairment reviews and for a reasonably possible range of sensitivities, the discounted future cash flows at 31 March 2018 exceeded the valuation of goodwill and intangible assets.

Impairment calculations are however more sensitive to changes in the discount rate. An increase of 1% in the discount rate, with all other assumptions held constant, would give rise to an additional impairment charge of £1.1m.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Subsidiaries

The Group has the following investments in subsidiary undertakings:

Name of undertaking	Country of incorporation	Class of shares held	Ownership
Tyrion Security Debtco Limited*	England and Wales	Ordinary	100%
Tyrion Security Midco Limited	England and Wales	Ordinary	100%
Tyrions Security Bidco Limited	England and Wales	Ordinary	100%
VPS Holdings Limited	England and Wales	Ordinary	100%
Vacant Property Security Limited	England and Wales	Ordinary	100%
Quatro Electronics Holdings Limited	England and Wales	Ordinary	100%
Quatro Electronics Limited	England and Wales	Ordinary	100%
VPS (UK) Limited	England and Wales	Ordinary	100%
VPSitex NI Limited	England and Wales	Ordinary	100%
VPS Site Security Limited	England and Wales	Ordinary	100%
Redfields Landscaping & Design Limited	England and Wales	Ordinary	100%
Lotus Landscapes Limited	England and Wales	Ordinary	100%
Evander Glazing and Locks Limited	England and Wales	Ordinary	100%
Highway Windscreens (UK) Limited	England and Wales	Ordinary	100%
VPSitex Holdings Netherlands B.V.	Netherlands	Ordinary	100%
FMT Beheer B.V.	Netherlands	Ordinary	100%
VPSitex Holdings France SAS	France	Ordinary	100%
Prodomo SAS	France	Ordinary	100%
VPSitex SAS	France	Ordinary	100%
VPSitex Espana S.L.U.	Spain	Ordinary	100%
VPSitex Deutschland GmbH	Germany	Ordinary	100%
VPSitex Ireland Limited	Ireland	Ordinary	100%
VPSitex Italia S.R.L.	Italy	Ordinary	100%

* Directly held

The registered address for:

Companies incorporated in England and Wales - Third Floor International Buildings, 71 Kingsway, London, WC2B 6ST, United Kingdom

Companies incorporated in Italy - Via Magenta 35, 10128 Torino, Italy

Companies incorporated in Germany - VPSitex Deutschland GmbH, Darwinstraße 17, 10589 Berlin, Germany

Companies incorporated in Ireland - 2 Seapoint Avenue, Blackrock, Co. Dublin, Ireland

Companies incorporated in the Netherlands - Dr Kuyperstraat 9, 2514 BA Den Haag, Netherlands

Companies incorporated in France - 8 Rue Bernard Buffet, 75017, Paris, France

Companies incorporated in Spain - C/ Albert Einstein, 2, 08940 Cornellà de Llobregat, Barcelona, Spain

The Group did not make any acquisitions in the year.

On the 31 December 2017 the Group disposed of Protel SAS for a consideration of €135k.

During the year the Group struck off the following dormant companies: Cherry Topco Limited, Cherry Midco 1 Limited, Cherry Midco 2 Limited, Cherry Bidco Limited, Evander Group Limited, Evander Limited, Evander Group Trustee Limited, Highway Glass Limited, VPS Vacant Property Specialists Limited, Safe Estates Services Limited, Broomco (4016) Limited and Camwatch Limited.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Deferred tax assets and liabilities

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

	Assets 2018 £'000	Liabilities 2018 £'000	Assets 2017 £'000	Restated Liabilities 2017 £'000
Intangible assets	-	9,088	-	10,729
	-	9,088	-	10,729

Deferred tax liabilities have been recognised on the value of intangible assets recognised on acquisition of subsidiaries. The liability is released to the income statement, via the tax charge / (credit) line, as the intangible assets are amortised as the amortisation is not an allowable cost for the purposes of calculating taxable profit. The balance also moves as the sterling value of intangible assets recognised in euros changes with exchange rate movements.

Movements in deferred tax assets / liabilities during the year:

	Restated At 1 April 2017 £'000	Assets written off £'000	Liabilities amortised £'000	Foreign exchange movements £'000	Other £'000	At 31 March 2018 £'000
Intangible assets	(10,729)	-	2,074	(173)	(260)	(9,088)
	(10,729)	-	2,074	(173)	(260)	(9,088)

Movements in deferred tax assets / liabilities during the prior year:

	Restated At 1 April 2016 £'000	Assets written off £'000	Liabilities amortised £'000	Foreign exchange movements £'000	Other £'000	Restated At 31 March 2017 £'000
Property, plant and equipment	197	(197)	-	-	-	-
Intangible assets	(14,305)	-	2,223	(555)	1,908	(10,729)
	(14,108)	(197)	2,223	(555)	1,908	(10,729)

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 Inventories	2018 £'000	2017 £'000
Finished goods	1,877	1,435

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £9,027,492 (2017: £9,579,908).

14 Trade and other receivables	2018 £'000	2017 £'000
Trade receivables	25,535	24,005
Prepayments	5,944	4,912
Corporation tax recoverable	-	91
Other debtors	7,971	3,524
	39,450	32,532

All of the above receivables are due for settlement within 12 months.

15 Trade and other payables	2018 £'000	Restated 2017 £'000
Current:		
Trade payables	10,726	13,836
Non-trade payables and accrued expenses	25,910	19,441
Interest rate swap	-	165
Corporation tax	138	-
	36,774	33,442
Non-current:		
Shareholder loan notes	62,835	50,479
Interest payable on shareholder loan notes	5,289	239
Other	4,160	3,488
	72,284	54,206

The shareholder loan notes incur interest at an effective rate of 12% and are repayable on 17 July 2021, or on any earlier sale or listing. There is no cash liability for the interest which rolls up annually until the loan notes, and accrued interest, are repaid.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, operating cash flow and borrowings.

The Group does not engage in trading or speculative activities using derivative financial instruments. A Group offset arrangement exists for cash.

Post year end the Group did embark on a refinancing exercise impacting the secured bank borrowings and shareholder loan notes mentioned below. Please see note 26 for further details.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities as at 31 March 2018 were as follows:

	2018		2017 Restated	
	Financial assets £'000	Financial liabilities £'000	Financial assets £'000	Financial liabilities £'000
Trade and other receivables, excluding prepayments	33,506	-	27,529	-
Cash	4,898	-	6,482	-
Secured bank borrowings	-	99,453	-	96,682
Other loan	-	1,329	-	1,657
Finance lease liabilities	-	3,254	-	3,333
Interest rate swaps, caps and collars, used for hedging	-	-	-	165
Trade and other payables	-	36,636	-	34,201
Shareholder loan notes	-	62,835	-	50,479
	<u>38,404</u>	<u>203,507</u>	<u>34,011</u>	<u>186,517</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Financial instruments

(Continued)

Basis for determining fair values

The following summarises the principal methods and assumptions used in estimating the fair value of financial instruments reflected in the table above:

(a) Derivatives

Broker quotes are used for all interest rate swaps, caps and collars.

(b) Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

(c) Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

The main risks arising from the Group's financial instruments are credit, liquidity, currency and interest rate risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all commercial customers.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. No individual customer accounted for more than 4% (2017: 3%) of the Group's revenue, and the Group's exposure to outstanding indebtedness follows this profile. No collateral is held as security in respect of amounts outstanding, however in a number of instances deposits are held against the value of security equipment provided. A deposit equal to one month's rent is also held for all Guardians.

Transactions involving derivative financial instruments are undertaken with counterparties within the syndicate of banks which provide the Group's senior debt facility. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group establishes an allowance for impairment that is based on historical experience of dealing with customers within the same risk profile. The maximum exposure to credit risk is represented by the carrying amount of each financial asset recorded in the balance sheet.

The Group applies standard bad debt provisions against all past due receivables, amended where appropriate for specific, known factors affecting recoverability. There are £7.8m (2017: £7.9m) of trade receivables that are past due at the balance sheet date after applying the bad debt provision policy. There is no indication as at 31 March 2018 that debtors will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are past due and unimpaired. The ageing of trade receivables (net of impairment provision) at the year-end was as follows:

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Financial instruments

(Continued)

	2018 £'000	2017 £'000
Not past due	17,698	16,130
Past due 0-90 days	4,664	4,657
Past due 90-180 days	1,686	1,566
Past due 180+ days	1,490	1,652
	<u>25,538</u>	<u>24,005</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 £'000	2017 £'000
At 1 April	4,979	5,301
Impairment loss charged / (credited) to the income statement	(1,844)	671
Arising on acquisition	-	-
Historical debtor balances and corresponding bad debt provisions written off	-	(993)
At 31 March	<u>3,135</u>	<u>4,979</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Financial instruments

(Continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 13 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure covenant breaches are avoided. The Group maintains a revolving credit facility of £5m which is secured by a fixed and floating charge over all the assets of the Group to the extent permitted by law in each jurisdiction.

The Group monitors available facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing. The Group has obtained additional bank and equity funding in recent years as the business has grown, and maintains close contact with its syndicate of banks.

Currency risk

The Group is exposed to currency risk on sales and purchases denominated in euros through its European subsidiaries. The Group manages its currency risk by matching the currency of its senior debt in line with the net cash flow generated in Sterling and Euro and then seeks to minimise the amount of net Euro cash flow used to settle Sterling liabilities.

Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings.

The Group's policy is to review regularly the terms of its borrowing facilities, and to assess and manage the long-term borrowing commitment accordingly, and to put in place interest rate hedges to reduce the Group's exposure to significant fluctuations in interest rates. The notional contract amount and the related fair value of the Group's financial instruments can be analysed as follows:

	2018 Fair Value	2018 Nominal amount	2017 Fair Value	2017 Nominal amount
	£'000	£'000	£'000	£'000
Fixed LIBOR interest rate swaps	-	-	(87)	18,984
Fixed EURIBOR interest rate swaps	-	-	(78)	34,387
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Financial instruments

(Continued)

Sensitivity analysis

In managing interest rate and currency risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2018 it is estimated that a general increase of one percentage point in interest rates would have increased the Group's loss before tax by approximately £683,511. Interest rate swaps have been included in this calculation.

Financial liabilities – analysis of maturity dates

At 31 March 2018 the Group had the following financial liabilities, and the table also shows the maturity profile of the contractual cash flows, including payments of future interest assuming no change in the variable rates between the year end and maturity:

	Trade and other payables* £'000	Other loans £'000	Secured bank borrowings £'000	Finance lease obligations £'000	Derivative financial instruments £'000	Total £'000
31 March 2018						
Carrying value	104,022	1,329	99,453	3,254	-	208,058
Contractual cash flows:						
Less than one year	33,147	1,403	8,734	1,637	-	44,921
One to two years	139	-	7,984	781	-	8,904
Two to five years	90,859	-	95,732	1,177	-	187,768
Over five years	676	-	-	-	-	676
	<u>124,821</u>	<u>1,403</u>	<u>112,450</u>	<u>3,595</u>	<u>-</u>	<u>242,269</u>
31 March 2017						
Carrying value	82,963	1,657	96,682	3,333	165	184,800
Contractual cash flows:						
Less than one year	29,866	422	8,599	1,808	165	40,860
One to two years	136	1,403	8,476	1,370	-	11,385
Two to five years	90,546	-	102,145	330	-	193,021
Over five years	659	-	-	-	-	659
	<u>121,207</u>	<u>1,825</u>	<u>119,220</u>	<u>3,508</u>	<u>165</u>	<u>245,925</u>

*Trade and other payables exclude deferred consideration and taxes and social security.

The figures in the above table assumed the shareholder loan notes would be repaid on the maturity date of 17 July 2021, however, post year end the Group did embark on a refinancing exercise. Please see note 26 for further details.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, other than shareholder loan notes (note 15), which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 16.

	2018 £'000	2017 £'000
Non-current liabilities		
Bank loans	96,447	93,126
Finance lease liabilities	1,780	1,633
Other loans	-	1,333
	<u>98,227</u>	<u>96,092</u>
Current liabilities		
Current portion of bank loans	3,006	3,556
Current portion of finance lease liabilities	1,474	1,700
Current portion of other loans	1,329	324
	<u>5,809</u>	<u>5,580</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Interest-bearing loans and borrowings

(Continued)

On 18 July 2014, primarily in order to fund the acquisition of the VPS Holdings Ltd group, the Group agreed new facilities with a consortium of lenders. The Senior Facility Agreement ("SFA") was entered into with HSBC Bank Plc, Investec Bank Plc, Natixis, NIBC Bank BV and The Governor and Company of the Bank of Ireland. On 20 January 2016 Siemens Bank GmbH joined the syndicate of banks when it acquired part of the Facility B debt from Natixis. Drawings of facilities are all made by the Company's indirectly owned subsidiary Tyrion Security Bidco Limited.

The Senior Facility comprises £25,000,000 of Term Facility A and £55,000,000 of Term Facility B.

Facility A is repayable in instalments over the period from March 2015 to the facility's maturity date on 18 July 2021. The percentages repayable in the years after drawdown of Facility A are:

In period ended 31 March 2015	5.5%
In year ended 31 March 2016	13.5%
In year ended 31 March 2017	15.0%
In year ended 31 March 2018	16.0%
In year ended 31 March 2019	15.83%
In year ended 31 March 2020	13.67%
In year ended 31 March 2021	13.67%
In year ended 31 March 2022	6.83%

Facility B is repayable in full on maturity on 18 July 2021. Both facilities were drawn down in full on 18 July 2014 to fund the acquisition of VPS Holdings Limited.

The Capex/Acquisition Facility of £25,000,000 was also provided as part of the SFA. £11,500,000 of this facility was drawn during the period ended 31 March 2015 to fund the acquisition of Camwatch Limited. The balance of the facility was drawn down during the year ended 31 March 2016 to fund the acquisitions during the year. This facility is repayable in full on maturity on 18 July 2021.

There is a Revolving Credit Facility of £5,000,000 provided as part of the SFA, of which £4,630,000 (2017: £nil) was drawn down as at 31 March 2018.

Drawings under the facilities can be made in either Sterling or Euros. As Euro borrowings fund Euro assets there is no requirement under the SFA, for the purposes of comparing drawings with the total Sterling facilities, to subsequently restate the Sterling equivalent of Euro loans as exchange rates move.

Interest on drawings is based on the base rate (LIBOR or EURIBOR) plus a margin. The margin varies depending on the senior leverage ratio.

The SFA contains a number of financial covenants which the Group has passed at every test date to 31 March 2018. As set out in the Strategic Report on page 3, the Group renegotiated the terms of its bank debt repayment and maturity profiles during the year.

On 25 March 2015 the Company's subsidiary VPS Site Security Limited signed a Facility Agreement with the Greater Manchester Combined Authority ("the Authority") to provide funding for a project which had been agreed with the Authority. The Facility of £2,000,000 was drawn on the same date and is repayable in 12 quarterly instalments commencing 30 June 2016. Drawings bear interest at the EC Reference Rate plus a margin of 5%.

Drawings under the SFA are stated at amortised cost of £99,453,000 (2017: £96,682,000). As interest is charged and repayments of capital and interest are made the amortised cost will decrease over the periods set out in the table below. For comparison purposes the cash repayments of capital and interest in the same periods are also shown.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Interest-bearing loans and borrowings

(Continued)

	Future interest payments 2018 £'000	Future capital payments 2018 £'000	Amortised cost 2018 £'000	Future interest payments 2017 £'000	Future capital payments 2017 £'000	Amortised cost 2017 £'000
At 31 March		97,913	94,823		100,841	96,682
Settle in year 1	4,615	4,118	3,182	4,479	4,120	3,140
Settle in year 2	4,429	3,555	2,622	4,399	4,077	3,100
Settle in years 3 to 5	5,492	90,240	89,019	9,501	92,644	90,442
	14,536	97,913	94,823	18,379	100,841	96,682

Post year end the Group did embark on a refinancing exercise impacting the secured bank borrowings and shareholder loan notes mentioned below. Please see note 26 for further details.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £'000	Interest 2018 £'000	Principal 2018 £'000	Minimum lease payments 2017 £'000	Interest 2017 £'000	Principal 2017 £'000
Less than 1 year	1,637	144	1,493	1,808	109	1,699
Between 1 and 2 years	781	81	700	1,370	54	1,316
Between 2 and 5 years	117	116	1,061	330	12	318
	2,535	341	3,254	3,508	175	3,333

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £1,565,372 (2017: £1,727,487).

Share-based payments

During the Company issued new voting and non-voting shares at below fair value to certain members of key management throughout the Group, in exchange for loan notes that they already hold. A share-based payment expense of £nil (2017: £89,000) has been recognised in the income statement for the year ending 31 March 2018.

19 Provisions

	Property £'000	VAT £'000	Other £'000	Total provisions £'000
Balance at 1 April 2016	1,865	1,229	902	3,996
Provision created	51	-	764	815
Provision utilised	(263)	(7)	(989)	(1,259)
Balance at 31 March 2017	1,653	1,222	677	3,552
Provision created / (reversed)	(15)	(1,149)	-	(1,164)
Provision utilised	(182)	(57)	(223)	(462)
Balance at 31 March 2018	1,456	16	454	1,926
Current	332	16	454	802
Non-current	1,124	-	-	1,124

The Group has provisions for onerous lease obligations and dilapidation expenditure, both classed as Property in the above table. The liability for onerous lease obligations is an accurate calculation to the earlier of the break in the lease or the termination date. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot of office / depot space.

Upon the acquisition of Evander the Group recognised a fair value provision for an ongoing review by HMRC on the partial exemption VAT position adopted by the business for insurance fulfilment. In the current year HMRC confirmed no VAT was payable and the provision was released.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

20 Share capital and reserves

		Issue price per share	A Ord. Shares of £0.01 each	Voting Ord. Shares of £0.08 each	Non-Voting Ord. Shares of £0.01 each	Deferred Shares of £0.0001 each
	Allotted, called up and fully paid:	£	Number	Number	Number	Number
	At 1 April 2017		889,550	-	-	320,242
01/04/2017	Voting Ordinary Shares	0.08		60,511		
15/05/2017	Voting and Non-Voting Ordinary Shares	2.48	-	66,771	39,645	-
16/10/2017	Non-Voting Ordinary Shares	2.48	-	-	4,173	-
02/11/2017	Non-Voting Ordinary Shares	2.48	-	-	4,173	-
	At 31 March 2018		<u>889,550</u>	<u>127,282</u>	<u>47,991</u>	<u>320,242</u>

		Share Capital £	Share Premium £
	At 1 April 2017	12,255	1,266,624
01/04/2017	Voting Ordinary Shares	4,840	-
15/05/2017	Voting and Non-Voting Ordinary Shares	5,737	258,174
16/10/2017	Non-Voting Ordinary Shares	42	10,307
02/11/2017	Non-Voting Ordinary Shares	42	10,307
	At 31 March 2018	<u>22,916</u>	<u>1,545,412</u>

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

(Continued)

20 Share capital and reserves

Any distributable profits which the Company may determine to distribute are distributed amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares and Voting Ordinary Shares *pari passu*. The Deferred Shares carry no right to participate in a dividend.

On a return of capital, the surplus assets of the Company remaining after the payment of liabilities and all other sums payable in priority will be applied as follows: (i) the first £1,000,000,000 amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares and Voting Ordinary Shares, and (ii) second, each holder of the Deferred Shares will be entitled to receive an amount equal to £1 in aggregate for all Deferred Shares held by such shareholder, (iii) third, any balance of such assets will be distributed in the same manner as under (i) above.

The A Ordinary Shares, Voting Ordinary Shares, Non-voting Ordinary Shares and Deferred Shares carry no redemption rights.

The A Ordinary Shares hold one vote per share. On a resolution, the Voting Ordinary Shares carry 55,597 votes in aggregate for all Voting Ordinary Shares held by a shareholder. The Non-Voting Ordinary Shares and Deferred Shares carry no voting rights.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Other reserves

Other reserves comprise a capital contribution of £98.7m from the ultimate controlling shareholder PAI Partners SAS and pre-paid shares not yet issued at the year end.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2018 £'000	2017 £'000
Within one year	3,148	3,026
Between two and five years	5,203	4,920
In over five years	2,027	2,157
	<u>10,378</u>	<u>10,103</u>

22 Commitments

There were no significant capital commitments at 31 March 2018 (2017: £nil).

23 Contingencies

The Company is party to a banking facility under which it has guaranteed the bank borrowings, performance bonds and guarantees of its fellow Group companies. The total net bank borrowings (senior debt less cash) of the Group was £94,555,000 (2017: £90,516,000).

24 Related party transactions

Identity of related parties with which the Group has transacted

PAI Partners SAS is considered to be a related party by virtue of its control of the parent company, Targaryen Security 1 Sarl. During the year PAI Partners SAS invested £10.0m (2017: £10.0m) of new loan notes. In addition, a monitoring fee is charged by PAI Partners SAS, and accrued by the Group, of £25,000 per month.

The directors are the key management personnel and their remuneration and other disclosable transactions are set out in note 6.

Transactions with the ultimate parent company

There were no transactions with the ultimate parent company during the current year or the prior year.

25 Controlling party

The ultimate parent of the Company is Targaryen Security 1 Sarl, a Luxembourg-based company which is controlled by PAI Partners SAS.

The largest group in which the results of the Company are consolidated is that headed by the Company. No other group financial statements include the results of the Company.

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

26 Events after the reporting date

In January 2018 the group embarked on a refinancing exercise to put in place an appropriate capital structure based on a revised business plan for the period up to and including FY22. The business plan was prepared by management with the assistance of external resource to assess the key markets in which VPS operates. This process was completed on 17 August 2018.

Under the new arrangement, the company's lenders have agreed to reduce and restructure the senior debt from £103.3m to £65.1m composed of Senior Debt of £50.1m (with 5.1% amortised in FY2021 and 8.1% in FY 2022 maturing in July 2022 with an interest rate of LIBOR plus 4.28%) and £15m held as mezzanine lender debt (with no amortisation and maturing in July 2022 with a coupon rate of 8%). VPS majority shareholder, PAI Partners SAS injected £15m of new cash held as PAI mezzanine debt maturing in July 2022 with a coupon rate of 8%. In exchange for previously held loan notes and rolled up interest totalling £71.2m, PAI also subscribed for 100 A ordinary shares of £0.01 each at a total subscription price of £20m and made a capital contribution of £51.2m. In summary, debt has reduced by £109.4m as a result of the refinancing.

TYRION SECURITY TOPCO LIMITED

COMPANY BALANCE SHEET AT 31 MARCH 2018

	<i>Note</i>	2018 £'000	2017 £'000
Non-current			
Investments	29	890	890
		<hr/> 890	<hr/> 890
Current assets			
Trade and other receivables	30	-	8
Amounts due from subsidiary undertakings	30	903	652
		<hr/> 903	<hr/> 660
Total assets		<hr/> 1,793	<hr/> 1,550
Current liabilities			
Trade and other payables	31	(5)	
Amounts due from subsidiary undertakings	31	(86)	(86)
		<hr/>	<hr/>
Total assets less current liabilities		<hr/> 1,702	<hr/> 1,464
Capital and reserves			
Share capital	32	23	12
Share premium		1,494	1,267
Other reserves		185	185
		<hr/>	<hr/>
Total equity and long term liabilities		<hr/> 1,702	<hr/> 1,464

These financial statements were approved by the Board on 28 September 2018 and were signed on its behalf by:



James Darnton
Director

Company registered number: 08922409

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

TYRION SECURTY TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Total equity
	£000	£000	£000	£000
Balance at 1 April 2016	12	1,260	-	1,272
Issue of shares	-	7	185	192
Balance at 31 March 2017	12	1,267	185	1,464
Issue of shares	11	227	-	239
Profit or loss	-	-	-	-
Balance at 31 March 2018	23	1,494	185	1,702

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

TYRION SECURITY TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

27 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following disclosure exemptions have been taken in these financial statements:

- disclosure of a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

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

- certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the prior period; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are those relating to potential impairment of the carrying value of investments in subsidiary undertakings, including interest bearing loans made to subsidiary undertakings.

Notes (continued)

27 Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in debt and equity securities, trade and other debtors, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

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.

Notes (continued)

27 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

28 Remuneration of directors

In the current and prior periods the directors were remunerated by other subsidiary companies.

29 Fixed asset investments

	Shares in group undertakings £'000
Cost	
Balance at 1 April	890
Addition	-
	<hr/>
At 31 March 2017 and 2018	890
	<hr/>

No impairment provisions have been booked against the original cost of the investment.

30 Debtors

	2018 £'000	2017 £'000
Amounts owed by group undertakings	903	652
Other receivables	-	8
	<hr/>	<hr/>
	903	660
	<hr/>	<hr/>

Notes (continued)

31 Creditors

	2018 £'000	2017 £'000
Non-current:		
Amount due to immediate parent undertaking	86	86
Other payables	<u>5</u>	
	<u>91</u>	<u>86</u>

32 Share capital

	2018 £'000	2017 £'000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	12	12
Share issue	<u>11</u>	
	<u>23</u>	<u>12</u>

All shares in issue are classified as equity instruments.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

33 Contingent liabilities

The Company is party to a banking facility under which it has guaranteed the bank borrowings of fellow Group companies. At 31 March 2018 the total net bank borrowings (senior debt less cash) of the Group were £94,555,000 (2017: £90,516,000).

34 Related party disclosures

The only transactions of the Company with Related Parties are the matching interest bearing loans from Tyrion Security Debtco Limited and to Tyrion Security Bidco Limited. The capital amounts and accrued interest are disclosed in notes 29 and 30.