

Company Registration No. 04541965 (England and Wales)

Aegis Defence Services Limited

**Annual report and financial statements
for the year ended 31 January 2022**

Aegis Defence Services Limited

Company information

Directors The Rt Hon Sir Nicholas Soames MP (Chairman)
Oliver Westmacott

Secretary Oliver Westmacott

Company number 04541965

Registered office Two London Bridge
London
SE1 9RA

Independent auditors Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Bankers Coutts & Co
440 Strand
London
WC2R 0QS

Aegis Defence Services Limited

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Aegis Defence Services Limited

Strategic report

For the year ended 31 January 2022

The directors present the strategic report and financial statements for the year ended 31 January 2022.

Principal activities

The Company offers various security and risk management services. Our services include static security, consulting, threat monitoring and reporting, crisis response, logistical support, mobile security, close protection, training and risk management.

Our corporate vision is to be the recognised global leader in providing comprehensive security, crisis response and risk management services in high-risk and complex environments delivered at a world-class level by the best quality personnel in the industry.

Our mission is to protect and support our clients, securing their place in a complex world by consistently delivering quality services and value, while growing our business profitably.

Fair review of the business

Operating Revenue decreased from £41m in the previous period (Jan 2021) to £35m in current year (Jan 2022). Current year challenges included the evacuation of Afghanistan in August 21, resulting in the reduction in revenue compared to prior year. Furthermore, the continuation of global Covid-19 pandemic also resulted in reduced gross margin in financial year 2022 compared to 2021.

Administrative costs have reduced slightly compared to financial year 2021, but have remained above pre Covid levels, as continued costs were incurred to ensure operational continuity through the pandemic.

Despite these challenges, the company profits before taxation increased by £6m to £43m. This was mainly achieved due to the strong performance of the company's investment activities based in the US market.

As in previous year's, our markets reflect the changing needs of our customers and the often rapid developments in operating conditions. Although the political circumstances and the nature of the operational risks facing our customers continues to evolve, the Board believes that our core customers' strategy of outsourcing the management of operational risk in pursuit of their strategic aims, will continue.

The Board believes that demand for the Company's services will therefore continue across the Company's target markets, albeit at changing and variable levels of demand and profitability.

The Company continuously monitors operating conditions and revises its operating practices and procedures in the light of developments as they occur. The Company recognises its responsibilities to clients, staff and the communities in which it operates and will not engage in circumstances in which it cannot assure adequate service and protection levels.

The Company continues to invest its profits to develop the range and scope of services offered to the market. This revenue investment encompasses overheads, expansion costs and start-up costs incurred in commencing operations on new projects in new territories, and the support of these operations whilst they establish themselves.

Principal risks and uncertainties

The Board, through delegation to the Oversight Board, has established a risk management framework for ensuring that the major risks facing the Company are identified, evaluated and actively managed and that the Company delivers services to the highest standards of quality and professionalism. Risks are reviewed continuously. It is not possible to fully mitigate all risks to which the Company is exposed but the ability to manage such risks and advise others on similar risks is considered a key strength of the Company.

The Company operates in extremely hostile and complex environments on a global landscape. This exposes the company to exceptional operating risks and the Company therefore adopts extensive and detailed risk mitigation strategies and tactics that address physical threats to customers and personnel. The Company mitigates commercial risk through entering into contract forms that recognise the distinctive environments in which it operates and by arranging appropriate insurance.

In line with its commitment to the ICOCA process, and its PSC-1 and ISO 18788 accreditations, the Company continuously reviews and updates its policies and procedures with regards to its support for and promotion of human rights in the countries in which it operates, and affords the same level of focus and effort on its anti-bribery, corruption and fraud measures. In addition to the special risks arising from the nature of the Company's business, the Board considers that the major risk factors impacting on the Company's business include:

Foreign exchange

The Company invoices its principal customers in US Dollars and UK Sterling. The majority of its direct costs arising are denominated in US dollars but a significant proportion of overhead costs are denominated in UK Sterling. The Company is therefore exposed to the impact of changes in the exchange rates. The Company seeks to mitigate this risk by matching currencies of costs and income wherever possible.

Compliance to a wide range of regulations and restrictions

Operating in a heavily regulated industry across a number of geographic locations requires compliance to a wide range of regulations. In order to ensure that the company remains compliant at all times it has experienced internal teams of risk, compliance and legal representatives who devise policy and ensure it flows out throughout the company across all locations. The compliance department conducts continuous internal audits and delivers training on areas of compliance across all company locations.

Loss of reputation

The Company's business is dependent upon being held in high regard by its customers, the communities in which it operates and its personnel. The Board seeks to protect the Company's reputation by ensuring that the Company is only associated with activities that are appropriate and legal, by only engaging with reputable customers and suppliers and by operating only in those conditions where the Company understands and can contain physical threats, and by rigorous vetting of personnel. The Company places strong emphasis on human rights and business ethics together with a healthy and responsible integration into the communities within which it operates.

Managing and retaining talent

The Company is dependent on experienced and well-trained personnel in an industry where personnel are one of the main differentiators. In order to ensure they are able to foster, attract and retain talent the Company provides competitive remuneration packages, promotes employee development and internal progression.

Aegis Defence Services Limited

Strategic report (continued)

For the year ended 31 January 2022

Development and performance

The Company continues to engage in a range of initiatives to bring greater credibility, oversight and regulation to the private security sector.

Key performance indicators

It is part of our mission to grow our business profitably. We use turnover, turnover growth rate and gross profit percentage to measure our financial performance.

Other non-financial operating metrics are monitored by the Board and by local management in different parts of the business with an emphasis on service delivery, personnel welfare, health and safety, environmental impacts and human rights driven through our Compliance and Operational Excellence Framework.

The Board is satisfied, on the basis of customer and staff feedback received, as well as on other non-financial measures, that the Company is meeting and/or exceeding its goals in these key areas.

On behalf of the board

Oliver Westmacott

Director

17 January 2023

Aegis Defence Services Limited

Directors' report

For the year ended 31 January 2022

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

Principal activities

The principal activities of the company are the identification and mitigation of risk on behalf of governments and corporates worldwide, geo-political risk analysis, investigation and security consultancy.

Results and dividends

The results for the year are set out on page 10.

Directors

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

The Rt Hon Sir Nicholas Soames MP (Chairman)

Oliver Westmacott

Helen Shaw

(Resigned 15 September 2021)

Auditor

Saffery Champness LLP have expressed their willingness to remain in office as auditors of the company.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in the UK in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Matters covered in the strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of disclosure of financial risk management.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

Oliver Westmacott

Director

17 January 2023

Aegis Defence Services Limited

Independent auditor's report

To the members of Aegis Defence Services Limited

Opinion

We have audited the financial statements of Aegis Defence Services Limited (the 'company') for the year ended 31 January 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Aegis Defence Services Limited

Independent auditor's report (continued)

To the members of Aegis Defence Services Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Aegis Defence Services Limited

Independent auditor's report (continued)

To the members of Aegis Defence Services Limited

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Michael Di Leto (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

18 January 2023

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Aegis Defence Services Limited

**Statement of comprehensive income
For the year ended 31 January 2022**

		2022	2021
	Notes	£	£
Revenue	4	35,081,231	41,441,858
Cost of sales		(32,050,964)	(35,371,604)
Gross profit		3,030,267	6,070,254
Administrative expenses		(9,124,349)	(9,828,180)
Gain/(loss) on foreign exchange		27,646	51,182
Operating loss	5	(6,066,436)	(3,706,744)
Investment revenues	8	49,154,116	40,940,165
Finance costs	9	(52,065)	(58,905)
Profit before taxation		43,035,615	37,174,516
Income tax expense	10	(317,854)	(1,339,807)
Profit and total comprehensive income for the year	21	42,717,761	35,834,709

The income statement has been prepared on the basis that all operations are continuing operations.

Aegis Defence Services Limited

Statement of financial position

As at 31 January 2022

		2022	2021
	Notes	£	£
Non-current assets			
Property, plant and equipment	12	2,542,986	3,449,252
Investments	13	4,423,927	4,423,927
		<u>6,966,913</u>	<u>7,873,179</u>
Current assets			
Trade and other receivables	15	10,072,118	10,581,675
Cash and cash equivalents		1,441,543	1,434,407
		<u>11,513,661</u>	<u>12,016,082</u>
Current liabilities			
Trade and other payables	16	11,320,510	14,259,150
Current tax liabilities		3,848,178	3,515,372
Lease liabilities	17	815,272	253,686
		<u>15,983,960</u>	<u>18,028,208</u>
Net current liabilities		<u>(4,470,299)</u>	<u>(6,012,126)</u>
Non-current liabilities			
Lease liabilities	17	-	126,816
Net assets		<u>2,496,614</u>	<u>1,734,237</u>
Equity			
Called up share capital	19	112	112
Capital redemption reserve	20	25	25
Retained earnings	21	2,496,477	1,734,100
Total equity		<u>2,496,614</u>	<u>1,734,237</u>

The financial statements were approved by the board of directors and authorised for issue on 17 January 2023 and are signed on its behalf by:

Oliver Westmacott

Director

Company registration number 04541965

Aegis Defence Services Limited

**Statement of changes in equity
For the year ended 31 January 2022**

		Share capital	Capital redemption reserve	Retained earnings	Total
	Notes	£	£	£	£
Balance at 1 February 2020		112	25	6,839,556	6,839,693
Year ended 31 January 2021:					
Profit and total comprehensive income for the year		-	-	35,834,709	35,834,709
Dividends	11	-	-	(40,940,165)	(40,940,165)
Balances at 31 January 2021		112	25	1,734,100	1,734,237
Year ended 31 January 2022:					
Profit and total comprehensive income for the year		-	-	42,717,761	42,717,761
Dividends	11	-	-	(41,955,384)	(41,955,384)
Balances at 31 January 2022		112	25	2,496,477	2,496,614

Aegis Defence Services Limited

Statement of cash flows
For the year ended 31 January 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	26	(5,314,488)	874,286
Income taxes paid		-	(625,676)
Net cash (outflow)/inflow from operating activities		(5,314,488)	248,610
Investing activities			
Purchase of property, plant and equipment		(564,469)	(469,353)
Dividends received		49,154,116	40,940,165
Net cash generated from investing activities		48,589,647	40,470,812
Financing activities			
Payment of lease liabilities		(1,312,639)	(1,145,389)
Dividends paid		(41,955,384)	(40,940,165)
Net cash used in financing activities		(43,268,023)	(42,085,554)
Net increase/(decrease) in cash and cash equivalents		7,136	(1,366,132)
Cash and cash equivalents at beginning of year		1,434,407	2,800,539
Cash and cash equivalents at end of year		1,441,543	1,434,407

1 Accounting policies

Company information

Aegis Defence Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Two London Bridge, London, SE1 9RA. .

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. The company is a subsidiary undertaking of GardaWorld Security Corporation, a company registered in Canada, and is included in the consolidated financial statements of that company. Copies of the consolidated financial statements are available at 1390 Barre Street, 2nd floor, Montreal, Quebec, H3C 1NA, Canada.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activity. Revenue is shown net of value added tax, returns, rebates and discounts. The company recognises revenue when the amount of the revenue can be reliably measured and when it is probable that economic benefits will flow to the entity.

Where income is invoiced in advance of work being complete, revenue is treated in the first instance as deferred income and recognised when the services are performed by the company.

Notes to the financial statements (continued)

For the year ended 31 January 2022

1 Accounting policies (continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life or as follows:

Leasehold improvements	over the length of the lease
Equipment	33% straight line
Materiel	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Non-current investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies (continued)

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are initially recorded at fair value plus transaction costs.

There are three primary measurement categories for financial assets being:

- a) amortised cost;
- b) fair value through other comprehensive income (FVOCI); and
- c) fair value through profit or loss (FVTPL).

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is not designated as at FVTPL and meets both of the following conditions:

- a) it is held within a business model whose objective is to collect contractual cash flows; and
- b) it contains contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest.

These assets are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition, except for short-term receivables when the recognition of interest would be immaterial.

The amortised cost is reduced by impairment losses (see below). Any gain or loss on derecognition is recognised in profit or loss.

All trade and other receivables are held at amortised cost.

1 Accounting policies (continued)

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred, and when the company has transferred substantially all risks and rewards of ownership.

1.9 Financial liabilities

Financial liabilities are measured at amortised cost or fair value through profit or loss (when they are held for trading).

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

A termination benefit liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit & loss account in the year they are payable.

1 Accounting policies (continued)

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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

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

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1 Accounting policies (continued)

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at a monthly rate ruling for the month in which the transaction occurs. All differences are taken to profit and loss account.

Notes to the financial statements (continued)
For the year ended 31 January 2022

2 Adoption of new and revised standards and changes in accounting policies

During the financial year, the company adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time:

Standard	Effective date
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16)	1 January 2021

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Standard	Effective date
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Annual improvements 2018-2020 cycle	1 January 2022
Classification of Liabilities as Current or Non-Current: amendments to IAS 1	1 January 2023
IFRS 17 - Insurance Contracts	1 January 2023
Amendments to IFRS 17 - Insurance Contracts; and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4 Insurance Contracts)	1 January 2023

The directors are evaluating the impact that these standards will have on the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements, estimates and assumptions made have been described below:

Key estimates – impairment of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment.

Key estimates – receivables

The receivables at the reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. An impairment provision is based on the best information at the reporting date.

Key judgements – recognition of deferred tax assets

As described in the accounting policies, the extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised.

4 Revenue

The total turnover of the company has been derived from its principal activity. It is the view of the directors that disclosure of the different geographical markets in which the group operates would be seriously prejudicial to the interests of the company.

	2022	2021
	£	£
Revenue analysed by class of business		
Security and consultancy services	35,081,231	41,441,858
	<u> </u>	<u> </u>

Aegis Defence Services Limited

Notes to the financial statements (continued)

For the year ended 31 January 2022

4 Revenue (continued)

	2022	2021
	£	£
Other significant revenue		
Dividends received	49,154,116	40,940,165
	<u> </u>	<u> </u>

5 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(27,646)	(51,182)
Fees payable to the company's auditor for the audit of the company's financial statements	45,000	40,000
Depreciation of property, plant and equipment	3,077,938	2,626,338
Loss on disposal of property, plant and equipment	88,141	-
	<u> </u>	<u> </u>

6 Employees

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

	2022	2021
	Number	Number
Management and administration	19	17
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,489,748	1,578,756
Social security costs	228,914	187,736
Pension costs	76,753	31,626
	<u> </u>	<u> </u>
	<u>2,795,415</u>	<u>1,798,118</u>

Aegis Defence Services Limited

Notes to the financial statements (continued)

For the year ended 31 January 2022

7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	891,872	677,256
Company pension contributions to defined contribution schemes	27,086	16,125
	<u>918,958</u>	<u>693,381</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	630,000	353,923
Company pension contributions to defined contribution schemes	22,207	14,125
	<u>652,207</u>	<u>368,048</u>

8 Investment income

	2022	2021
	£	£
Dividends from shares in group undertakings	49,154,116	40,940,165
	<u>49,154,116</u>	<u>40,940,165</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

9 Finance costs

	2022	2021
	£	£
Other interest payable	52,065	58,905
	<u>52,065</u>	<u>58,905</u>

Aegis Defence Services Limited

Notes to the financial statements (continued)

For the year ended 31 January 2022

10 Income tax expense

	2022	2021
	£	£
Current tax		
Foreign taxes and reliefs	317,854	1,339,807
	<u>317,854</u>	<u>1,339,807</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022	2021
	£	£
Profit before taxation	43,035,615	37,174,516
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	8,176,767	7,063,158
Income not taxable	(9,339,282)	(7,778,631)
Group relief	956,330	615,336
Effect of overseas tax rates	317,854	1,339,807
Expenses not deductible	357,646	261,282
Capital allowances	(151,461)	(161,145)
Taxation charge for the year	<u>317,854</u>	<u>1,339,807</u>

11 Dividends

During the year the company declared dividends totalling £41,955,384 (2021: £40,940,165).

Aegis Defence Services Limited

Notes to the financial statements (continued)
For the year ended 31 January 2022

12 Property, plant and equipment

	Right-of-use assets	Equipment	Materiel	Total
	£	£	£	£
Cost				
At 1 February 2020	1,140,236	265,291	6,579,889	7,985,416
Additions	853,058	-	469,353	1,322,411
Disposals	-	(4,980)	(195,583)	(200,563)
At 31 January 2021	1,993,294	260,311	6,853,659	9,107,264
Additions	1,695,344	20,352	544,117	2,259,813
Disposals	-	(249,805)	(1,061,349)	(1,311,154)
At 31 January 2022	3,688,638	30,858	6,336,427	10,055,923
Accumulated depreciation and impairment				
At 1 February 2020	545,273	264,859	2,422,105	3,232,237
Charge for the year	1,108,643	432	1,517,263	2,626,338
Eliminated on disposal	-	(4,980)	(195,583)	(200,563)
At 31 January 2021	1,653,916	260,311	3,743,785	5,658,012
Charge for the year	1,245,590	2,954	1,829,394	3,077,938
Eliminated on disposal	-	(249,805)	(973,208)	(1,223,013)
At 31 January 2022	2,899,506	13,460	4,599,971	7,512,937
Carrying amount				
At 31 January 2022	789,132	17,398	1,736,456	2,542,986
At 31 January 2021	339,378	-	3,109,874	3,449,252
At 31 January 2020	594,963	432	4,157,784	4,753,179

Aegis Defence Services Limited

Notes to the financial statements (continued)
For the year ended 31 January 2022

13 Investments

	Current		Non-current	
	2022	2021	2022	2021
	£	£	£	£
Investments in subsidiaries	-	-	4,423,927	4,423,927

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Movements in non-current investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 February 2021 & 31 January 2022	5,551,300
Impairment	
At 1 February 2021 & 31 January 2022	(1,127,373)
Carrying amount	
At 31 January 2022	4,423,927
At 31 January 2021	4,423,927

Aegis Defence Services Limited**Notes to the financial statements (continued)****For the year ended 31 January 2022****14 Subsidiaries**

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Aegis Defence Services LLC	USA	100.00	100.00	Security and consulting services
GardaWorld Recruitment Limited	England and Wales	100.00	100.00	Dormant
Aegis Services LLC*	Saudi Arabia	100.00	100.00	Security and consulting services
Firegap Limited	England and Wales	100.00	100.00	Dormant holding company
Rubicon International Services Limited	England and Wales	100.00	100.00	Dormant holding company
Aegis Limited	Afghanistan	100.00	100.00	Security and consulting services
Rimal Dilja for General Trading LLC**	Iraq	100.00	100.00	Security and consulting services

* 95% owned directly and 5% owned indirectly through Rubicon International Services Limited

** 100% owned indirectly through Firegap Limited

15 Trade and other receivables

	Current	
	2022	2021
	£	£
Trade receivables	5,081,604	5,646,054
Provision for bad and doubtful debts	(200)	(156,658)
	<hr/>	<hr/>
	5,081,404	5,489,396
Other receivables	17,950	48,615
Amounts owed by fellow group undertakings	2,460,593	2,812,188
Prepayments	2,512,171	2,231,476
	<hr/>	<hr/>
	10,072,118	10,581,675
	<hr/> <hr/>	<hr/> <hr/>

Aegis Defence Services Limited

Notes to the financial statements (continued)

For the year ended 31 January 2022

16 Trade and other payables

	Current	
	2022	2021
	£	£
Trade payables	252,070	482,423
Amounts due to fellow group undertakings	9,390,757	11,677,004
Accruals	1,257,904	1,933,693
Social security and other taxation	245,813	166,030
Other payables	173,966	-
	<u>11,320,510</u>	<u>14,259,150</u>

17 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Current liabilities	815,272	253,686
Non-current liabilities	-	126,816
	<u>815,272</u>	<u>380,502</u>

Aegis Defence Services Limited

Notes to the financial statements (continued)

For the year ended 31 January 2022

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £76,753 (2021 - £31,626).

19 Share capital	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
102 Ordinary shares of £1 each	112	112
	<u>112</u>	<u>112</u>

20 Capital redemption reserve

	2022	2021
	£	£
At the beginning and end of the year	25	25
	<u>25</u>	<u>25</u>

21 Retained earnings

	2022	2021
	£	£
At the beginning of the year	1,734,100	6,839,556
Profit for the year	42,717,761	35,834,709
Dividends	(41,955,384)	(40,940,165)
At the end of the year	<u>2,496,477</u>	<u>1,734,100</u>

22 Capital risk management

The company is not subject to any externally imposed capital requirements.

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022	2021
	£	£
Short-term employee benefits	891,872	677,256
	<u> </u>	<u> </u>

Other information

During the year, the company was charged management fees of £1,965,213 (2021: £2,578,051) by fellow group undertakings.

At 31 January 2022 the company was owed £648,591 (2021: £632,324) by subsidiary undertakings and £2,438,329 (2021: £2,806,192) by fellow group undertakings. As at 31 January 2022, the balance owed by subsidiary undertakings was impaired by £626,328 (2021: £626,328).

At 31 January 2022 the company owed £111,749 (2021: £111,749) to subsidiary undertakings and £9,279,008 (2021: £11,565,255) to fellow group undertakings.

24 Controlling party

The immediate parent company is GardaWorld Consulting (UK) Limited, a company registered in the England and Wales. The ultimate parent company is Garda World Securities Corporation, a company registered in Canada.

In the opinion of the directors, there is no single ultimate controlling party.

Notes to the financial statements (continued)
For the year ended 31 January 2022

Financial risk management

The main risks arising from the company's financial instruments are credit risk, liquidity risk and currency risk. The company is exposed to no material credit risk. The directors review and agree policies for managing these risks and these are summarised below.

Credit risk

To manage exposure to credit risk, credit control policies have been implemented by the company.

Liquidity and cash flow risk

The company actively monitors its financial position to ensure the company has sufficient available funds for operations and planned expansions.

Currency risk

The company operates in numerous locations around the world and therefore faces a numbers of different currency and foreign exchange risks. The directors do not consider it necessary to enter into forward exchange contracts. The situation is monitored on a regular basis.

26 Cash (absorbed by)/generated from operations

	2022	2021
	£	£
Profit for the year before income tax	43,035,615	37,174,516
Adjustments for:		
Finance costs	52,065	58,905
Investment income	(49,154,116)	(40,940,165)
Foreign exchange movement on overseas tax payable	14,952	(7,333)
Loss on disposal of property, plant and equipment	88,141	-
Depreciation and impairment of property, plant and equipment	3,077,938	2,626,338
Movements in working capital:		
Decrease in trade and other receivables	509,557	8,114,627
Decrease in trade and other payables	(2,938,640)	(6,152,602)
Cash (absorbed by)/generated from operations	(5,314,488)	874,286

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.