Tyrion Security Topco Limited

Annual report and financial statements

Registered number 08922409

31 March 2016

Contents

Strategic report

The directors present their report and financial statements for the year ended 31 March 2016.

Results and dividends

The loss for the year after taxation amounted to £34.1m (2015 period: £15.5m). The directors do not recommend a dividend for the year (2015: £nil).

Principal activities

Tyrion Security Topco Limited ("the Company" or "the Group") is a holding company and the parent of the VPS Group.

On 18 July 2014 the Company's subsidiary, Tyrion Security Bidco Limited, acquired 100% of the issued share capital of VPS Holdings Limited ("VPS") from VPS Acquisitions Limited for consideration of £50.8m. The acquisition was funded by £80m of Senior Debt and £88m of Equity provided by PAI Partners SAS and management. The additional funding was used to re-finance the VPS business together with funding transaction costs. The consolidated results of the Group for the period ended 31 March 2015 cover the 8 months and 13 days of trading following the acquisition of VPS.

Further acquisitions were made subsequently as disclosed in note 13.

The VPS Group is the European leader in the provision of security and property services to the vacant, unoccupied and void property market. The business provides a range of specialist property solutions and has a broad customer base across both private and public sectors with services including risk assessments, security & monitoring solutions, property clearance, cleaning, maintenance and preparation. These combined services protect properties against unauthorised access and a variety of hazards such as arson, theft, squatting and unauthorised occupation. This in turn helps to maintain property values and minimise any impact on the local community.

VPS operates from 70 locations across Europe and has approximately 45,000 properties under management across the UK, France, Germany, Netherlands, Spain, Italy & Ireland. VPS delivers its services predominately through an in-house operating model utilising a mix of alarm and steel technology and other labour based services provided by an employee base now of 1,700+, an increase of 800 employees during the year.

Business Review

These are the first financial statements of the Group prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS").

While the key accounting policies and measurement principles of the Income Statement are consistent with IFRS, the Group's financial performance has been materially suppressed as a result of the requirement under IFRS 3 amended, to write-off the acquisition costs of acquisitions. Given the Company has successfully completed five acquisitions in the last two years, a net non-recurring charge of £5.6m has been expensed to the Income Statement over this period, of which £2.3m has been expensed in the current year (note 3).

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 £18.4m, an increase of £5.2m over the period to March 2015 (note 2).

Operating cash flow was £11.0m, an increase of £5.6m over the period to March 2015.

Strategic report *(continued)*

Strategy

(i) Strengthen our position as the European market leader in vacant property through a blend of organic and acquisitive growth

Organic Growth

- *Consolidate our position as the pan-European market leader in vacant property through a blend of organic and acquisitive growth*

  UK

  Our UK Group revenues grew by £23.9m during the year to March 2016. Excluding the impact of acquisitions (detailed below) revenue was broadly flat on an annualised basis.

  Within revenue, growth in Service revenue offset a reduction in rental revenue driven by both volume and price reduction in the Commercial and Social markets.

  - The Social rental market had a challenging start to the year with a number of our incumbent contracts re-tendered and awarded solely on price. As a business we pride ourselves on quality of service, national coverage and a highly trained workforce who deliver market leading service to our customers and we won't price work on unsustainable margins. Consequently four key social housing accounts were lost in North East, Scotland and in particular Northern Ireland.
  - The Guardian business continued to show very strong organic revenue initiative in the year from growth in guardians into local authority and commercial properties in the London area. In the year to March 2016 our Guardian numbers increased by 272 (108%) on the back of increased brand recognition in this market and the development of an innovative value proposition for commercial property owners.
  - Commercial rental revenue reduced slightly with growth in key strategic channel partners, offset by a reduction in revenue from certain retail and leisure clients who have reduced new site construction and/or re-procured services.
  - VPS Site Security Limited (formerly known as Camwatch Limited) full year revenue was flat with the pre-acquisition level. The installed Tower base at 31 March 2016 was 425 (March 2015: 472). However, new wins in key national construction companies position the business well for growth in the coming year. We continue to target the strategic objective of having 600 Towers deployed across Europe by the end of FY17.

  Our UK revenue, excluding the impact of 2015/16 acquisitions, increased by £7.9m to £37.9m. The mix of labour based service revenue increased with a consequential reduction in gross margin.

  The acquisitions of Redfields Landscaping & Design Limited and Evander Glazing & Locks Limited, as detailed below, are strategically important in building the capability and scale of our UK service offering across all aspects of the vacant property life cycle. As we look to the coming year, one of the key objectives is the effective integration of all the recent acquisitions under common branding, locations, systems and operating practices. In December 2015, we started this process by announcing the closure of the former VPS (UK) head-office in Borehamwood and relocating it to the existing VPS Site Security office at Chadderton, Greater Manchester thus ensuring we have a common back-office location geographically well positioned to service our customers. In the initial months of 2016/17 we have started to combine the VPS (UK) and Evander operating locations with the labour base of both businesses now operating from common locations in North London, South West and North East.

Strategic report *(continued)*

Strategy *(continued)*

France

We continue to grow our commercial customer base in France with a number of new accounts won in retail and business services. The launch of the JCB Smart Tower was positively received by the market although penetration was slower than planned as the market took longer to understand and evaluate the benefits of the product. That said, there were some new Tower wins in Infrastructure where the customers need a reliable alarm solution for several years in remote and difficult operating locations. At March 2016, the business had 16 Towers deployed. The acquisition of Prodomo will provide a platform for accelerating the penetration of the Tower in the French site security market.

Our market position in social housing continues to strengthen with all key accounts re-tendered in the year retained. On a number of these accounts we gained significant volume by either obtaining new larger lots and/or moving to sole supplier arrangements.

We are in the process of evaluating our strategic options for Protel, the scaled back electric alarms business (branded Protel) which may include the sale of this business. On this basis, we considered it prudent to write down the carrying value of goodwill related to Protel and we have recognised an impairment charge of £6.7m in the year ending 31 March 2016.

Netherlands and Other Europe (Italy, Spain and Germany)

It was a mixed year of performance in the Netherlands. While the number of Guardians reduced slightly to 2,275 (March 2015: 2,641) the margin per Guardian also reduced due to increased competitor pressure from a reduced market size. The Migrant crisis which impacted much of the Eurozone saw a significant number of migrants temporarily housed in social properties which would have otherwise passed into the Guardian market.

Our Tower business grew well across the year, ending March 2016 at 28. There remains significant opportunity to accelerate our Tower growth in the Netherlands albeit the market, and consequently the competitor set, is more developed than our other European markets.

Spain continued to grow on the back of increased liquidity and market demand in the Spanish market where we provide security solutions to vacant residential property owned predominantly by Banks and other financial institutions. Revenues in Spain grew by £0.9m with 1,963 properties protected at March 2016 (March 2015: 826). We have increased our operational footprint in Spain with the opening of depots in Seville and Madrid during the year, and a new depot opened in Valencia in the first quarter of 2016/17. We now have 24 employees in Spain.

Our businesses in Italy and Germany had a stable year. We continue to encounter a challenging environment in Italy where many of our social housing customers are faced with significant funding deficits.

Acquisitive growth

Lotus & Redfields

On 12 June 2015, VPS (UK) Limited acquired 100% of the issued share capital of Redfields Landscaping & Design Limited and its subsidiary Lotus Landscapes Limited for £4.5m, two leading grounds maintenance and landscaping businesses operating in the South East of England. Redfields and Lotus have more than 35 years' experience in grounds care and landscaping and are well established in their respective markets with a solid customer base spanning both social and commercial properties. The Companies combined employ 150 employees.

Strategic report *(continued)*

Strategy *(continued)*

Acquisitive growth (continued)

Lotus & Redfields (continued)

The addition of an in-house grounds and garden maintenance business will be a significant benefit to our existing UK customers and to our total service offering. Additionally, Lotus has a number of social housing contracts that we would like to expand other services into.

Prodomo

On 9 November 2015, VPSitex Holdings France SAS acquired 100% of the issued share capital of Prodomo SAS for £3.6m.

Prodomo, headquartered in Paris, has over 10 years' experience in site security products and is the French market leader in alarm based site security. The alarm utilises market leading battery technology and a range of motion detector sensors ranging from passive infra-red to video verification and uses 3G technology monitored by third party monitoring specialists. The acquisition is of strategic importance to the 3 year plan of the Group and gives a significant route to market for the JCB Smart Tower in the French market. Prodomo has 63 employees.

Evander

On 1 March 2016, VPS (UK) Limited acquired 100% of the issued share capital of Cherry Topco Limited, the ultimate parent company of Evander Glazing & Locks Limited, for £1.9m.

Evander, headquartered in Norwich, is the UK's leading nationwide emergency response glazing and locks business. Through its national infrastructure of 19 depots and 297 engineers, it provides 24/7 response and fulfilment services to both the insurance and commercial sectors as well as direct to consumers. Two thirds of its business comes from the insurance sector including the largest domestic home insurers in the UK. Evander has more than 500 employees all in the UK.

Evander's excellent reputation for providing responsive security services is a great fit to our market-leading property security and services business. With very similar customer requirements and challenges, we are confident that by working together we can expand both our operational spread and develop into new segments, as well as being able to enhance our services offering to our shared customer base. Over time, it is our intention to combine the Evander business with VPS (UK) to create new growth opportunities and strengthen the joint service proposition.

(ii) *Build a multi service, integrated solution in all of our markets offering more types of service than any other competitor*

In each of our core markets we continued to add new service lines during the year. In the UK, the scaffolding alarm was launched for use on small construction sites. The acquisitions of Redfields and Evander add landscaping, locks and glazing capability across the UK organisation.

Inspections were launched in France where we see a strong market opportunity for a specialised, differentiated inspection proposition using our workforce IQ IT platform and Navigator web portal.

Specialised fixed CCTV and other technical installations, specifically smoke detection in France, continued to increase. Through a combination of acquisition and technical training, the capability of our field base employees continues to improve which is naturally leading to growth in specialised project related work for our customers.

Strategic report *(continued)*

Strategy *(continued)*

(iii) *Drive technology enabled security solutions across all of our markets to either replace or partner with traditional man guarding solutions.*

At the end of March 2016, we had 487 Towers deployed across Europe analysed as follows:

UK	425
Europe	62

9,895 video alarms were deployed across the Group.

(iv) *Remain the supplier-of-choice to major players in the commercial and public sectors*

As outlined above, there were four key tenders in the UK where we lost on the basis of low, potentially unsustainable bids, submitted by our competitors. Outside of this, and importantly in France, we retained our key social and commercial customers that tendered their services in the year.

In the period prior to acquisition, the majority of the key insurance customers in Evander were renewed on 3 year contracts which generate constant and predictable revenue streams. The acquisition of Lotus Landscapes also brought with it tendered contracts with an average duration of 3 years with largely guaranteed revenue streams against each tendered contract. Both of these acquisitions have significantly increased the visibility and stability of revenue within the Group.

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:

Access to capital (low risk): to pursue the Company's strategy of organic and acquisitive growth, it requires access to cash to invest in CAPEX, working capital and acquisitions. The Company has a 7 year £110m bank facility and as at the date of these financial statements there remains the following amount undrawn and fully available:

- £5m of revolving credit facility ('RCF')
- £9.5m of cash on the balance sheet

Given the majority of Group revenue is generated from a rental model growth can only typically be delivered by investing in rental equipment CAPEX. Historically the VPS Group has funded CAPEX from free cash flow and the FY17 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 requiring funding of not only rental Capex but also Capex 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 – 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 2% (March 2015: 2%). While customer concentration has increased this is solely as a result of the Evander acquisition and, as outlined above, and in note 18, this revenue is very stable with high quality customers.

The Group has limited exposure to bad debts in the social housing and local authority market which contributes 46% of Group revenue. In commercial, the majority of customers are recognised international property managers and large corporate land owners with a low credit risk, albeit at times with elongated credit terms.

Strategic report *(continued)*

Principal risks and uncertainties (continued)

The Group however recognises that the construction market, a key vertical for growth in VPSitex France and VPS Site Security (formerly Camwatch Limited) has an inherently higher credit risk than other markets and therefore periodically assesses the credit rating of all customers. The acquisition of Prodomo increases our credit risk to the French construction market. 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.

- Pricing risk (moderate): Pricing risk is considered low risk in commercial but moderate risk in social housing, particularly in France where competitive pressure is building.

  Our 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 man guarding or fixed CCTV security solutions. With the VPS solution often less than 10% of the cost of man 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 our 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 and unsustainable rates. This creates artificial pricing pressure on tenders from competitors who often cannot deliver the required quality or service level. This combined with a reduction in Social Housing budgets in most 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.

- 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 customer's assets leading to both financial and reputational risk to the Group. The Group manages this risk by servicing all Towers at the end of their rental period together with despatching its team of 30 engineers to periodically test Towers at customer's 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.

  During the course of 2016 it became clear that the Tower products require CE certification. To achieve this the Group has implemented a roll out plan to retrospectively modify existing towers to meet CE standards.

Strategic report *(continued)*

Refinancing

We embarked on a refinancing exercise, in the latter part of 2016, to extend the repayment period on our bank loans, to raise new equity funding from PAI Partners SAS and to revise the banking covenants. The process has gone well and is substantially complete with emails confirming bank consent received from lenders and documentation now being finalised. Under the new agreement with the banks, repayments will reduce by some £6,917k in FY19, some £16,958k in FY20 and some £2,833k in FY21. Repayments will increase by some £26,708k in FY22. PAI Partners SAS has committed to invest a substantial amount of new equity funding phased over the time from the date of signing these financial statements to 31 March 2019, with the first tranche being invested before 31 March 2017. The new funding will enable the Group to invest in additional capital expenditure which will lead to future revenue and profit growth.

On the basis of the status of the negotiations with the banks and the stage which we have reached in the process with PAI Partners SAS the Directors consider it appropriate to prepare the statutory accounts on a going concern basis.

Financial Key Performance Indicators

The Company consider the following to be its key performance indicators:

KPI	At March 2016	Change in the year
Properties managed	44,833	+12,727 (+40%)
VPS (UK) Limited weekly rental	£323,000	(£98,000) (-23%)
VPSitex France SAS weekly rental	£424,000	(£10,000) (-2%)
UK Towers (no)	425	-47 (-10%)
European Towers (no)	62	+43 (+226%)
UK Guardian numbers	525	+272 (+108%)
NL Guardian numbers	2,275	-366 (-14%)
Alarm numbers	9,895	-203 (-2%)
Total Headcount	1,684	+785 (+87%)

KPI	12 months ended March 2016	Change versus prior year
UK monthly service revenue (average)	£1.3m	+£0.2m (+14%)
FR monthly project revenue (average)	£0.2m	-
Net CAPEX investment	£7.8m	+£2.9m
Free cash flow	£10.6m	+£9.2m

On behalf of the board

James Darnton
Director

21 February 2017

Directors' report

Directors

The directors who held office during the year were as follows:

Christopher Afors
Nicolas Holzman
Colm O'Sullivan
Sebastien Veil (resigned 24 February 2016)
David Taylor-Smith (appointed 23 May 2016)
Keith Reid (resigned 9 November 2016)
Mark Silver (resigned 25 January 2017)
James Darnton (appointed 20 October 2016)

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 Company'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 Company 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.

Disclosure of information to the 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 Company'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.

Directors' report *(continued)*

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 7.

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.

By order of the board

James Darnton
Director

21 February 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company 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 the group and the company financial statements in accordance with 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 and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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 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

We have audited the financial statements of Tyrion Security Topco Limited for the year ended 31 March 2016 set out on pages 12 to 55. The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

(a) ***Respective responsibilities of directors and auditor***

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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

M Matthewman

Mark Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
WD17 1DE
21 February 2017

Consolidated Income Statement and Statement of Comprehensive Income
for year ended 31 March 2016

	Note	**Year ended 2016 £000**	Period ended 2015 £000
Revenue		**90,039**	56,900
Cost of sales		**(44,831)**	(27,385)
Gross profit		**45,208**	29,515
Recurring administrative expenses		**(44,871)**	(27,620)
Non-recurring administrative expenses	3	**(19,314)**	(6,541)
Total administrative expenses		**(64,185)**	(34,161)
Operating loss (Adjusted EBITDA is disclosed in note 2)	*3, 4*	**(18,977)**	(4,646)
Financial expenses	*8*	**(17,305)**	(12,041)
Loss before tax		**(36,282)**	(16,687)
Taxation	*9*	**2,150**	1,183
Loss from continuing operations		**(34,132)**	(15,504)
Loss from discontinued operations, net of tax	*5*	**-**	(1,776)
Loss for the year		**(34,132)**	(17,280)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange reserve movement		**2,486**	2,297
Total comprehensive loss for the year		**(31,646)**	(14,983)

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

Comparative figures are for the 8 months and 13 days from commencement of trading on 18 July 2014 to 31 March 2015.

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

Consolidated and Company Balance Sheets
at 31 March 2016

		Consolidated		Company	
	Notes	**2016**	2015	**2016**	2015
		£000	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	10	**12,693**	11,099	-	-
Intangible assets	11	**179,584**	164,949	-	-
Investments in subsidiary undertakings	12	-	-	**890**	890
		192,277	176,048	**890**	890
Current assets					
Inventories	15	**748**	319	-	-
Trade and other receivables	16	**31,394**	21,448	-	-
Amounts due from subsidiary undertakings		-	-	**561**	162
Cash and cash equivalents		**9,545**	4,708	-	-
Deferred tax asset	14	**197**	-	-	-
		41,884	26,475	**561**	162
Total assets		**234,161**	202,523	**1,451**	1,052
Current liabilities					
Interest bearing loans and borrowings	19	**(4,707)**	(3,157)	-	-
Trade and other payables	17	**(32,824)**	(20,268)	-	-
Amounts due from subsidiary undertakings		-	-	**(179)**	-
Provisions	21	**(2,478)**	(74)	-	-
Deferred tax liability	14	**(2,121)**	(1,737)	-	-
		(42,130)	(25,236)	**(179)**	-
Total assets less current liabilities		**192,031**	177,287	**1,272**	1,052
Equity attributable to equity holders of the parent					
Share capital	22	**12**	12	**12**	12
Share premium		**1,260**	1,040	**1,260**	1,040
Reserves		**4,783**	2,297	-	-
Retained earnings		**(51,412)**	(17,280)	-	-
Total equity		**(45,357)**	(13,931)	**1,272**	1,052
Non-current liabilities					
Interest bearing loans and borrowings	19	**95,606**	82,325	-	-
Trade and other payables		**127,092**	-	-	-
Provisions		**1,518**	-	-	-
Deferred tax liabilities		**13,172**	-	-	-
		237,388	191,218	-	-
Total equity plus non-current liabilities		**192,031**	177,287	**1,272**	1,052

These financial statements were approved by the board of directors on 21 February 2017and were signed on its behalf by:

James Darnton
Director

Company registered number: 08922409
The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital £000	Share Premium £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at incorporation	-	-	-	-	-
Total comprehensive income for the period:					
Profit or loss	-	-	-	(17,280)	(17,280)
Other comprehensive income	-	-	2,297	-	2,297
Issue of shares	12	1,040	-	-	1,052
Balance at 31 March 2015	12	1,040	2,297	(17,280)	(13,931)
Total comprehensive income for the year:					
Profit or loss	-	-	-	**(34,132)**	**(34,132)**
Other comprehensive income	-	-	**2,486**	-	**2,486**
Issue of shares	-	**220**	-	-	**220**
Balance at 31 March 2016	**12**	**1,260**	**4,783**	**(51,412)**	**(45,357)**

Company Statement of Changes in Equity

	Share capital £000	Share Premium £000	Total equity £000
Balance at incorporation	-	-	-
Issue of shares	12	1,040	1,052
Balance at 31 March 2015	12	1,040	1,052
Issue of shares	-	**220**	**220**
Balance at 31 March 2016	**12**	**1,260**	**1,272**

All equity is attributable to the parent undertaking.

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

Consolidated and Company Cash Flow Statements

for year ended 31 March 2016

	Note	Consolidated		Company	
		Year ended	Period ended	**Year ended**	Period ended
		2016	2015	**2016**	2015
		£000	£000	**£000**	£000
Cash flows from operating activities					
Loss for the year		**(34,132)**	(17,280)	-	-
Adjustments for:					
Depreciation, amortisation and impairment		**26,915**	10,522	-	-
Foreign exchange (income) / losses		**(251)**	753	-	-
Financial expense		**17,305**	12,041	-	-
Loss on sale of property, plant and equipment		**155**	-	-	-
Gain on sale of discontinued operation		-	1,776	-	-
Taxation		**(2,150)**	(1,183)	-	-
		7,842	6,629	-	-
Increase in trade and other receivables		**(1,612)**	(778)	**(399)**	(162)
Decrease in inventories		**446**	-	-	-
Increase in trade and other payables		**5,231**	249	**179**	-
Decrease in provisions		**(360)**	-	-	-
		11,547	6,100	**(220)**	(162)
Tax paid		**(503)**	(714)	-	-
Net cash from operating activities		**11,044**	5,386	**(220)**	(162)
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	13	**(24,296)**	(46,318)	-	(890)
Acquisition of property, plant and equipment		**(3,413)**	(2,680)	-	-
Proceeds from sale of property, plant and equipment		**384**	-	-	-
Net cash used in investing activities		**(27,325)**	(48,998)	-	(890)
Cash flows from financing activities					
Proceeds from issue of shares		**220**	1,052	**220**	1,052
Proceeds from borrowings		**13,573**	91,584	-	-
Proceeds from new loan		-	2,000	-	-
Loans received from related parties		**17,503**	88,382	-	-
Repayment of loan notes		-	(54,915)	-	-
Interest paid		**(5,137)**	(9,703)	-	-
Repayment of borrowings		**(3,281)**	(69,228)	-	-
Payment of finance lease liabilities		**(1,760)**	(852)	-	-
Net cash from financing activities		**21,118**	48,320	**220**	1,052
Net increase in cash and cash equivalents		**4,837**	4,708	-	-
Cash and cash equivalents at 1 April / incorporation		**4,708**	-	-	-
Cash and cash equivalents at 31 March		**9,545**	4,708	-	-

Comparative figures are for the period from incorporation on 4 March 2014 to 31 March 2015.

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

Notes
(forming part of the financial statements)

1 Accounting policies

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

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 are preparing their financial statements in accordance with International Financial Reporting Standards as adopted by the EU for the first time and consequently have applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 28. There is no impact on the Company to disclose.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. However, as the prior period was the first period of trading for the parent company no exemptions have been applied. The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and in preparing an opening IFRS balance sheet at the date of incorporation of 4 March 2014 for the purposes of the transition to Adopted IFRSs.

- In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the comparative income statement contains disclosures in relation to discontinued operations. There were no discontinued operations in the current financial year or at the balance sheet date.
- 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 the 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 Review on page 1.

In addition, note 18 to the financial statements includes the Group's main areas of financial risk plus the processes for managing exposure to liquidity risk, credit risk and market risk.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

As highlighted in notes 17 and 19 to the financial statements, the Group currently meets its day-to-day working capital requirements through loan facilities and a Revolving Credit Facility.

In late 2016 the Group identified that to cope with future growth plans, which require capital expenditure on steel barriers, alarms, towers and the motor vehicle fleet, additional funding would be needed. As noted in the Strategic Review on page 6 this process is near completion and our controlling shareholder, PAI Partners SAS, has committed to invest a substantial amount of new equity share capital, commencing with a first instalment before 31 March 2017.

As part of the negotiations some adjustment was made to the repayment profile of bank debt, with the Facility A and Capex Facility repayments being reduced in FY19, FY20 and FY21, with a commensurate increase in repayments in FY22. In addition the banking covenants have been amended to fit in with the business plan and forecast for the 5 years to March 2022 (see below). The credit committees of the banks providing funds under the Senior Facility Agreement have all approved the new terms and completion of the paperwork is imminent.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern (continued)

As part of the re-financing process, the Directors have prepared and reviewed a business plan and financial forecasts for 2017 and the 5 years to March 2022. The Directors have prepared cash flow forecasts for the Group for the period ending March 2022 and performed sensitivity analysis on the business plan. The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group will be able to operate within the level of the equity, loan and credit facilities that it is currently finalising.

After taking into account the status of the negotiations with the lenders and the ongoing support of PAI Partners SAS, the Directors 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.

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.

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.

Notes *(continued)*

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's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, 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 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, 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.

Notes *(continued)*

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 lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment 6 years
- motor vehicles 4 years
- rental equipment 2 – 6 years

Depreciation methods, useful 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.

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.

Notes *(continued)*

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 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Impairment excluding inventories and deferred tax assets

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.

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.

Notes *(continued)*

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

Free shares issued by the Company to senior management of subsidiary undertakings are charged to the Consolidated Income Statement at the fair value of the shares issued. 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.

Notes *(continued)*

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

Deferred tax is provided on 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.20 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but are not effective for the year ended 31 March 2016, and the Group has decided not to adopt any of them early. 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: Classification and Measurement
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements – Amendments to IAS 27
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- Annual Improvements to IFRSs – 2012-2014 Cycle
- Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- Disclosure Initiative – Amendments to IAS 1

Notes *(continued)*

1 Accounting policies *(continued)*

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 10), 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 11. 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.

- Upon acquisition of a business, its identifiable assets and liabilities are assessed to determine their fair value. The values attributed to assets and liabilities as part of this process are, where appropriate, based on market values identified for equivalent assets, together with management's experience and assessments. 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. The value of the provision has been calculated based on a range of probability weighted possible outcomes.

- 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.

Notes *(continued)*

2 Adjusted EBITDA

	Year ended 2016 £000	Period ended 2015 £000
Operating loss	**(18,977)**	(4,646)
Add back:		
Depreciation	**5,974**	3,765
Amortisation	**9,879**	6,757
Impairment of goodwill (note 3)	**11,062**	-
Non-recurring costs (note 3)	**5,915**	3,320
Acquisition costs expensed (note 3)	**2,337**	3,221
Foreign exchange	**(251)**	753
Adjusted EBITDA	**15,939**	13,170

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

Notes *(continued)*

3 Non-recurring administrative expenses

Included in profit/loss are the following:

	Year ended 2016 £000	Period ended 2015 £000
Non recurring costs:		
Advisor fees	**(180)**	1,146
Acquisition costs	**2,337**	3,221
Restructuring	**2,876**	1,416
Other	**3,219**	758
Total non-recurring costs	**8,252**	6,541
Impairment loss on goodwill	**11,062**	-
Total	**19,314**	6,541

- On the acquisition of VPS Holdings Limited there was existing litigation in the US from a competing alarm manufacturer who had made a number of claims against the products sold by Quatro Electronics Limited in the US market. £646,000 of legal costs were incurred in the period ended 31 March 2015, and another £500,000 of future costs were provided for as at 31 March 2015, making £1,146,000 in total charged to administrative expenses in the period ended 31 March 2015. During the year ended 31 March 2016 an excess costs provision of £180,000 was released.
- The Group incurred costs of £2,337,000 (2015: £3,221,000) representing legal and professional advisor fees on completed acquisitions.
- Following the acquisitions made in the year to 31 March 2016 further restructuring of the businesses occurred, including redundancies and office closure costs. Costs incurred amounted to £2,876,000. Following the acquisition of VPS Holdings Limited in the year ended 31 March 2015 a number of changes were made to senior management across the European group, in particular a new senior management team was recruited for the Netherlands operations. Severance, recruitment and advisor fees in this restructure amounted to £1,416,000.
- During the year ended 31 March 2016 further corporate activity was undertaken which incurred advisor fees. In addition there were write-offs attributable to asset balances of companies acquired in the period to 31 March 2015 which were identified outside the time allowed under IFRS for amending the acquired balance sheets. The total of other non recurring costs expensed in the year was £3,219,000. The Group undertook a significant amount of corporate activity in the period ended 31 March 2015 and incurred (i) advisor fees on European strategy, including various advisor fees on aborted European acquisitions; and (ii) other costs associated with office and depot re-locations across Europe. The total of these other non-recurring costs in the period ended 31 March 2015 was £758,000.

Notes *(continued)*

4 Operating loss

Operating loss is stated after charging / (crediting):

	Year ended 2016 £000	Period ended 2015 £000
Amortisation of intangible assets	**9,879**	6,757
Impairment of goodwill	**11,062**	-
Depreciation:		
- of owned property, plant and equipment	**4,107**	2,835
- of property, plant and equipment held under hire-purchase and finance leases	**1,867**	930
Loss on disposal of property, plant and equipment	**155**	-
Operating lease rentals		
- of plant and equipment	**18**	62
- of vehicles	**2,055**	2,671
Auditors remuneration:		
Audit of these financial statements	**5**	117
Audit of subsidiary undertakings financial statements	**166**	30
Amounts receivable by the Company's auditor and its associates in respect of:		
- aborted acquisition	**105**	-
- taxation compliance services	**28**	32
- other tax advisory services	**8**	26

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 2016 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. In 2015 there was no such intermediate consolidation and the bulk of the audit fees related to consolidated financial statements of the Group.

In addition to the amortisation of intangible assets above there was an impairment of £11,062,000 (2015: £nil) 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 Discontinued operation

In March 2015 Quatro Electronics Limited, a subsidiary undertaking, ceased trading and closure costs of £1,776,000 were incurred and fully provided for in the accounts for the period ended 31 March 2015.

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 2016	Period ended 2015
Operational	**763**	599
Administration, sales and marketing	**390**	371
	1,153	970

The aggregate payroll costs of these persons were as follows:

	Year ended 2016 £000	Period ended 2015 £000
Wages and salaries	**29,876**	18,454
Share based payments (note 20)	**-**	228
Social security costs	**5,358**	3,468
	35,234	22,150

The Group contributes to defined contribution 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 £422,000 (2015: £298,000). As at 31 March 2016 contributions of £219,000 (2015: £180,000) were due to the schemes.

7 Directors' remuneration

The directors are the key management personnel of the Group.

	Year ended 2016 £000	Period ended 2015 £000
Directors' remuneration	**515**	488
Bonus	**-**	40
Company contributions to money purchase pension plans	**19**	12

1 director (2015: 1) accrued benefits in respect of a money purchase pension plan.

The highest paid director received remuneration of £320,000 (2015: £321,000). 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 parent undertaking PAI Partners SAS. PAI Partners SAS charges a monitoring fee to the Group.

On 13 February 2015 the Company issued new B1 Ordinary Shares to certain members of key management throughout the Group. The directors of the Company received shares valued at £125,584, of which £94,188 was for the highest paid director. At the same time the two directors were obliged, as were the other recipients, to subscribe for a predetermined number of loan notes issued by Tyrion Security Debtco Limited. The directors settled their own tax due calculated on the value of the shares received.

Notes *(continued)*

8 Finance income and expense

Recognised in the income statement

	Year ended 2016 £000	Period ended 2015 £000
Finance expense:		
Losses on fair value hedged items attributable to the hedged risk	**(47)**	(348)
Total interest expense on financial liabilities measured at amortised cost	**(5,452)**	(4,179)
Interest on loan notes	**(11,707)**	(7,460)
Finance lease interest	**(99)**	(54)
Finance expense	**(17,305)**	(12,041)

9 Taxation

Recognised in the income statement

	Year ended 2016 £000	Period ended 2015 £000
Current tax (credit):		
Current year	**(141)**	-
Current tax (credit)	**(141)**	-
Deferred tax (credit):		
Origination and reversal of temporary differences	**(1,234)**	(1,183)
Reduction in tax rate	**(775)**	-
Deferred tax (credit)	**(2,009)**	(1,183)
Total tax (credit)	**(2,150)**	(1,183)

Notes (continued)

9 Taxation *(continued)*

Reconciliation of effective tax rate

	Year ended 2016 £000	Period ended 2015 £000
Loss before taxation	**(36,282)**	(16,687)
Tax credit using the UK corporation tax rate of 20% (2015: 21%)	**(7,256)**	(3,504)
Non-deductible expenses	**1,651**	(56)
Non tax-deductible amortisation and impairment	**2,096**	586
Short term timing differences	**(206)**	304
Unrelieved tax losses carried forward	**1,565**	1,487
Total tax (credit)	**(2,150)**	(1,183)

The Group has approximately £42m 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.

Notes *(continued)*

10 Property, plant and equipment

	Rental equipment £000	Motor Vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost				
Balance at incorporation	-	-	-	-
Acquisitions through business combinations	49,450	5,587	12,225	67,262
Additions	3,439	842	528	4,809
Disposals	(176)	(792)	(538)	(1,506)
Effect of movements in foreign exchange	(2,110)	(82)	(243)	(2,435)
Balance at 31 March 2015	50,603	5,555	11,972	68,130
Acquisitions through business combinations	**966**	**1,221**	**2,987**	**5,174**
Additions	**3,127**	**2,494**	**814**	**6,435**
Disposals	**(1,375)**	**(751)**	**(341)**	**(2,467)**
Effect of movements in foreign exchange	**2,091**	**136**	**252**	**2,479**
Balance at 31 March 2016	**55,412**	**8,655**	**15,684**	**79,751**
Depreciation and impairment				
Balance at incorporation	-	-	-	-
Depreciation charge for the period	2,481	832	452	3,765
Acquisitions through business combinations	43,101	3,364	10,612	57,077
Disposals	(859)	(452)	(194)	(1,505)
Effect of movements in foreign exchange	(2,061)	(62)	(183)	(2,306)
Balance at 31 March 2015	42,662	3,682	10,687	57,031
Depreciation charge for the year	**3,926**	**1,333**	**715**	**5,974**
Acquisitions through business combinations	**818**	**834**	**2,198**	**3,850**
Disposals	**(952)**	**(670)**	**(306)**	**(1,928)**
Effect of movements in foreign exchange	**1,862**	**64**	**205**	**2,131**
Balance at 31 March 2016	**48,316**	**5,243**	**13,499**	**67,058**
Net book value				
At incorporation	-	-	-	-
At 31 March 2015	7,941	1,873	1,285	11,099
At 31 March 2016	**7,096**	**3,412**	**2,185**	**12,693**

Leased plant and machinery

At 31 March 2016 the net carrying amount of leased rental equipment and motor vehicles was £3,185,000 (2015: £2,274,000). The leased equipment secures lease obligations to lease finance companies (note 19).

Notes (continued)

11 Intangible assets

	Goodwill £000	Customers and marketing £000	Technology £000	Other £000	Total £000
Cost					
Balance at incorporation	-	-	-	-	-
Acquired through business combinations	94,553	73,332	5,762	5,631	179,278
Other additions – externally purchased	-	-	-	74	74
Effect of movements in foreign exchange	(1,475)	(3,425)	-	-	(4,900)
Balance at 31 March 2015	93,078	69,907	5,762	5,705	174,452
Acquired through business combinations	**16,150**	**13,466**	**209**	**491**	**30,316**
Fair value adjustments of 2015 acquisitions	**765**	-	-	-	**765**
Other additions – externally purchased	-	-	-	**494**	**494**
Disposals	-	-	-	**(133)**	**(133)**
Effect of movements in foreign exchange	**1,520**	**3,311**	**22**	-	**4,853**
Balance at 31 March 2016	**111,513**	**86,684**	**5,993**	**6,557**	**210,747**
Amortisation and impairment					
Balance at incorporation	-	-	-	-	-
Acquired through business combinations	-	-	-	2,976	2,976
Amortisation for the period	-	5,265	651	841	6,757
Effect of movements in foreign exchange	-	(230)	-	-	(230)
Balance at 31 March 2015	-	5,035	651	3,817	9,503
Acquired through business combinations	-	-	-	**386**	**386**
Amortisation for the year	-	**8,053**	**973**	**853**	**9,879**
Impairment charge	**11,062**	-	-	-	**11,062**
On disposals	-	-	-	**(146)**	**(146)**
Effect of movements in foreign exchange	-	**478**	**1**	-	**479**
Balance at 31 March 2016	**11,062**	**13,566**	**1,625**	**4,910**	**31,163**
Net book value					
At incorporation	-	-	-	-	-
At 31 March 2015	93,078	64,872	5,111	1,888	164,949
At 31 March 2016	**100,451**	**73,118**	**4,368**	**1,647**	**179,584**

Other includes 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 statement of consolidated income.

Customer related assets have lives recognised at 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 lives recognised at 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.

Technology related assets have lives recognised at 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.

Notes *(continued)*

11 Intangible assets *(continued)*

Goodwill is the only intangible asset with an indefinite life. Goodwill has been allocated to cash generating units "CGUs" or groups of CGUs as follows:

	Goodwill 2016 £000	Goodwill 2015 £000
VPS Holdings Group (reflecting entities owned at 18 July 2014)	**79,124**	87,744
VPS Site Security (formerly Camwatch Limited)	**5,026**	5,334
Redfields Landscaping & Design Limited	**1,714**	-
Prodomo SAS	**1,636**	-
Evander Glazing & Locks Limited	**12,951**	-

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

VPS Holdings Group CGU	**2016**	2015
Period on which management approved forecasts are based	**1 year**	3 years
Year 2 (2015 year 4) based on exit rate of FY17 Budget	**March 2017 exit rate**	March 2018 exit rate
Growth rate applied year 3 to 10	**3%**	3%
Growth rate applied beyond year 10	**1%**	3%
Discount rate	**12%**	12%

Cash generation is calculated based on EBITDA less CAPEX. Capex spend is proportionate to the EBITDA growth with a reference point of FY17-18 EBITDA growth and CAPEX for each business unit and CGU. FY17 is budgeted to have significant CAPEX investment to drive forecast Smart Tower growth across UK, France, Germany and the Netherlands. Where EBITDA growth drops to 3%, and then 1%, CAPEX would drop to replacement CAPEX assumptions only. However an additional level of CAPEX has been reflected in each entity to ensure prudent cash projections.

The management approved forecasts have been flexed for known changes within the forecast period which have arisen since the forecasts were approved and also to reflect a downside adjustment to reflect smaller entities which have challenging growth forecasts for FY17.

The reduction in UK rental revenue in the year combined with a strategic review of the Protel business has resulted in the Group revising its expectations about the level of activity which will be sustainable in the long term. An impairment loss has been calculated on a value in use basis and consists of a £11,062,000 write-down of goodwill. Following this there is no difference between the carrying amount and the recoverable amount of the goodwill and intangibles balances at the balance sheet date.

Site Security CGU	**2016**	2015
Period on which management approved forecasts are based	**1 year**	1 year
Year 2 based on exit rate of FY17 Budget	**March 2017 exit rate**	March 2018 exit rate
Growth rate applied year 3 to 10	**9% (i)**	3%
Growth rate applied beyond year 10	**1%**	3%
Discount rate	**12%**	12%

(i) 3% plus forecast increase in Towers over and above economy growth rate

Redfields Landscaping and Design CGU	**2016**
Period on which management approved forecasts are based	**1 year**
Year 2 based on exit rate of FY17 Budget	**March 2017 exit rate**
Growth rate applied year 3 to 10	**3%**
Growth rate applied beyond year 10	**1%**
Discount rate	**12%**

Notes *(continued)*

11 Intangible assets *(continued)*

Prodomo SAS CGU	**2016**
Period on which management approved forecasts are based	**1 year**
Year 2 based on exit rate of FY17 Budget	**March 2017 exit rate**
Growth rate applied year 3 to 10	**3%**
Growth rate applied beyond year 10	**1%**
Discount rate	**12%**

Evander Glazing and Locks CGU	**2016**
Period on which management approved forecasts are based	**1 year**
Year 2 based on exit rate of FY17 Budget	**March 2017 exit rate**
Growth rate applied year 3 to 10	**3%**
Growth rate applied beyond year 10	**1%**
Discount rate	**12%**

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. 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 2016 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 £8.7m in the VPS Holdings CGU.

Notes *(continued)*

12 Investments in subsidiary undertakings

The cost of the directly owned subsidiary undertaking, which has not been impaired, is £890,000 (2015: £890,000).

The Group and Company have the following investments in subsidiary undertakings:

	Principal place of business/ Country of Incorporation	Class of shares held	Ownership 2016	2015
Directly owned by the Company:				
Tyrion Security Debtco Limited	England and Wales	Ordinary	**100%**	100%
Owned by subsidiary undertakings:				
Tyrion Security Midco Limited	England and Wales	Ordinary	**100%**	100%
Tyrions Security Bidco Limited	England and Wales	Ordinary	**100%**	100%
VPS Holdings Limited	England and Wales	Ordinary	**100%**	100%
Vacant Property Security Limited	England and Wales	Ordinary	**100%**	100%
Quatro Electronics Holdings Limited	England and Wales	Ordinary	**100%**	100%
Quatro Electronics Limited	England and Wales	Ordinary	**100%**	100%
VPS (UK) Limited	England and Wales	Ordinary	**100%**	100%
VPSitex NI Limited	England and Wales	Ordinary	**100%**	100%
VPS Site Security Limited	England and Wales	Ordinary	**100%**	100%
Redfields Landscaping & Design Limited	England and Wales	Ordinary	**100%**	-
Lotus Landscapes Limited	England and Wales	Ordinary	**100%**	-
Cherry Topco Limited	England and Wales	Ordinary	**100%**	-
Cherry Midco 1 Limited	England and Wales	Ordinary	**100%**	-
Cherry Midco 2 Limited	England and Wales	Ordinary	**100%**	-
Cherry Bidco Limited	England and Wales	Ordinary	**100%**	-
Evander Group Limited	England and Wales	Ordinary	**100%**	-
Evander Limited	England and Wales	Ordinary	**100%**	-
Evander Glazing and Locks Limited	England and Wales	Ordinary	**100%**	-
Evander Group Trustee Limited	England and Wales	Ordinary	**100%**	-
Highway Windscreens (UK) Limited	England and Wales	Ordinary	**100%**	-
Highway Glass Limited	England and Wales	Ordinary	**100%**	-
VPS Vacant Property Specialists Limited	England and Wales	Ordinary	**100%**	100%
Safe Estates Services Limited	England and Wales	Ordinary	**100%**	100%
Broomco (4016) Limited	England and Wales	Ordinary	**100%**	100%
Camwatch Limited	England and Wales	Ordinary	**100%**	100%
VPSitex Holdings Netherlands B.V.	Netherlands	Ordinary	**100%**	100%
FMT Beheer B.V.	Netherlands	Ordinary	**100%**	100%
VPSitex Holdings France SAS	France	Ordinary	**100%**	100%
Prodomo SAS	France	Ordinary	**100%**	-
Protel SAS	France	Ordinary	**100%**	100%
VPSitex SAS	France	Ordinary	**100%**	100%
VPSitex Espana S.L.U.	Spain	Ordinary	**100%**	100%
VPSitex Deutschland GmbH	Germany	Ordinary	**100%**	100%
VPSitex Ireland Limited	Ireland	Ordinary	**100%**	100%
VPSitex Italia S.R.L.	Italy	Ordinary	**100%**	100%

Notes *(continued)*

13 Acquisitions of subsidiaries

Acquisitions in the current year:

The Group completed the following three acquisitions during the year:

- On 1 March 2016, the Company's subsidiary VPS (UK) Limited acquired all of the ordinary shares in Cherry Topco Limited and all of its subsidiaries (together "the Evander Group") for £1,898,000 satisfied in cash. In addition £13,600,000 was advanced to Evander to settle bank loans.
  In the 1 month to 31 March 2016 the Evander Group contributed a net profit of £181,000 to the consolidated result for the year.
- On 9 November 2015 the Company's subsidiary VPSitex Holdings France SAS acquired all of the ordinary shares in Prodomo SAS ("Prodomo") for £3,557,000 satisfied in cash.
  In the 5 months to 31 March 2016 the subsidiary contributed a net loss of £64,000 to the consolidated result for the year.
- On 12 June 2015, the Company's subsidiary VPS (UK) Limited acquired all of the ordinary shares in Redfields Landscaping & Design Limited and its subsidiary, Lotus Landscapes Limited (together "Redfields"), for £4,479,000 satisfied in cash. Part of the consideration was dependant on the collection of trade receivables, but it was all settled during the year.
  In the period to March 2016 Redfields Landscaping & Design Limited and Lotus Landscapes Limited together contributed a net profit of £601,000 to the consolidated result for the year.

Acquisitions in the year had the following effect on the Group's assets and liabilities:

	Evander					
	Book value £000	Fair value adjustments £000	Fair value £000	Redfields fair value £000	Prodomo fair value £000	Total fair value acquired £000
Property, plant and equipment	510	-	510	828	359	1,697
Intangible assets - fair value adjustments	-	8,657	8,657	2,690	2,328	13,675
Inventories	844	-	844	31	-	875
Trade and other receivables	3,112	-	3,112	1,548	1,987	6,647
Deferred tax	474	(1,731)	(1,257)	(537)	(466)	(2,260)
Cash and cash equivalents	761	-	761	-	1,015	1,776
Interest bearing loans and borrowings	(1,898)	-	(1,898)	-	-	(1,898)
Trade and other payables	(4,416)	(133)	(4,549)	(1,795)	(3,124)	(9,468)
Provisions (note 21)	(3,633)	-	(3,633)	-	-	(3,633)
Long term liabilities	-	-	-	-	(27)	(27)
Net identifiable assets / liabilities	(4,246)	6,793	2,547	2,765	2,072	7,384
Fair value of consideration:						
Cash			15,498	4,479	3,557	23,534
Goodwill arising on acquisition			12,951	1,714	1,485	16,150

The only fair value adjustments to book value on Redfields and Prodomo were to recognise intangible assets of £2,690,000 and £2,328,000 respectively, and deferred tax liabilities on those intangible fixed assets of £538,000 and £466,000 respectively.

	£000	£000	£000
Gross value of acquired trade receivables	3,492	1,356	1,753
Provision against acquired trade receivables	(813)	(5)	(249)

Notes *(continued)*

13 Acquisitions of subsidiaries *(continued)*

Acquisitions in the current year *(continued)*

Acquisition related costs

The Group incurred acquisition related costs of £2,337,000 related to legal and professional advice incurred for the current year acquisitions. These costs have been included in non-recurring administrative expenses in the Group's consolidated statement of comprehensive income.

Full year effect of acquisitions

If the acquisitions had occurred on 1 April 2015, Group revenue would have been an estimated £129.6m and the net loss would have been an estimated £34.9m.

Fair values determined on a provisional basis

The recognised fair values on acquisition are subject to review during the measurement period, as defined by IFRS3 "Business combinations", of 1 year from the date of acquisition.

Acquisitions in the prior period:

The Group completed the following two acquisitions during the prior period:

- On 18 July 2014, the Company's subsidiary Tyrion Security Bidco Limited acquired all of the ordinary shares in VPS Holdings Limited for £50,830,000 satisfied in cash. The company is a holding company for other subsidiaries in the Group. The acquisition was funded by £80m of Senior Debt and £88m of Equity provided by PAI Partners SAS and Management. The additional funding was used to refinance the VPS Holdings business and settle transaction costs.
  In the 8 months to 31 March 2015 the VPS Holdings Group contributed a net loss of £16.6m to the consolidated loss before tax for the period.
- On 17 November 2014, the Company's subsidiary VPS (UK) Limited acquired all of the ordinary shares in Camwatch Limited (subsequently renamed VPS Site Security Limited) for £1 satisfied in cash. The company provides security equipment and services. The acquisition was made primarily in order to increase the Group's footprint in the UK thus achieving benefits of scale and synergy.
  In the 4 months to 31 March 2015 Camwatch contributed a net loss of £0.1m to the consolidated loss before tax for the period.

Notes *(continued)*

13 Acquisitions of subsidiaries (continued)

Acquisitions in the prior period had the following effect on the Group's assets and liabilities:

	VPS Holdings Limited			Camwatch Limited			
	Book value	Fair value adjust-ments	Fair value	Book value	Fair value adjust-ments	Fair value	Total fair value acquired
	£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	9,681	-	9,681	1,645	-	1,645	11,326
Intangible assets	1,245	74,031	75,276	-	5,063	5,063	80,339
Inventories	1,176	-	1,176	80	-	80	1,256
Trade and other receivables	22,790	(2,952)	19,838	917	(75)	842	20,680
Deferred tax	-	(14,806)	(14,806)	-	(1,013)	(1,013)	(15,819)
Cash and cash equivalents	4,499	-	4,499	12	-	12	4,511
Interest bearing loans and borrowings	(112,318)	-	(112,318)	-	-	-	(112,318)
Trade and other payables	(19,133)	(1,879)	(21,012)	(11,939)	(25)	(11,964)	(32,976)
Provisions (note 21)	(722)	-	(722)	-	-	-	(722)
Net identifiable assets / liabilities	(92,782)	54,394	(38,388)	(9,285)	3,950	(5,335)	(43,723)
Fair value of consideration:							
Cash			50,830			-	50,830
Goodwill arising on acquisition			89,218			5,335	94,553

	VPS Holdings Limited	Camwatch Limited
	£000	£000
Gross value of acquired trade receivables	21,419	849
Provision against acquired trade receivables	(5,916)	(120)

Acquisition related costs

The Group incurred acquisition related costs of £3,221,000 related to legal and professional advice incurred for the current year acquisitions. These costs have been included in non-recurring administrative expenses in the Group's consolidated statement of comprehensive income.

Full year effect of acquisitions

If the acquisitions had occurred on 1 April 2014, Group revenue for the full year to 31 March 2015 would have been an estimated £78.0m and net loss would have been an estimated £21.4m

Notes *(continued)*

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £000	Assets 2015 £000	**Liabilities 2016 £000**	Liabilities 2015 £000
Property, plant and equipment	**197**	-	**-**	-
Intangible assets	**-**	-	**15,293**	13,996
Total	**197**	-	**15,293**	13,996

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.

Movement in deferred tax assets / (liabilities) during the year:

	At 1 April 2015 £000	**Acquired assets £000**	**Assets amortised £000**	**Foreign exchange movements £000**	**Other £000**	**31 March 2016 £000**
Property, plant and equipment	**-**	**475**	**-**	**-**	**(278)**	**197**
Intangible assets	**(13,996)**	**(2,735)**	**2,009**	**(571)**	**-**	**(15,293)**
	(13,996)	**(2,260)**	**2,009**	**(571)**	**(278)**	**(15,096)**

Movement in deferred tax liabilities during the prior period:

	At incor-poration £000	**Acquired assets £000**	**Assets amortised £000**	**Foreign exchange movements £000**	**Other £000**	**31 March 2015 £000**
Property, plant and equipment	-	-	-	-	-	-
Intangible assets	-	(15,818)	1,183	639	-	(13,996)
	-	(15,818)	1,183	639	-	(13,996)

Notes *(continued)*

15 Inventories

	2016 £000	2015 £000
Finished goods and goods for resale	**748**	319

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £2,500,000 (2015: £497,000).

16 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	**22,865**	17,287
Prepayments and accrued income	**5,194**	3,392
Other receivables	**3,310**	769
Corporation tax	**25**	-
	31,394	21,448

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

17 Trade and other payables

	2016 £000	2015 £000
Current:		
Trade payables	**11,537**	4,548
Non-trade payables and accrued expenses	**21,014**	15,516
Interest rate swap	**273**	204
	32,824	20,268
Non-current:		
Shareholder loan notes	**116,325**	88,382
Interest payable on shareholder loan notes	**8,541**	7,460
Interest rate swap	**122**	144
Other	**2,104**	-
	127,092	95,986

The shareholder loan notes incur interest at an effective rate of 12%. Tyrion Security Debtco Limited has issued loan notes which 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.

Notes *(continued)*

18 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.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are as follows:

	2016		2015	
	Financial assets £000	**Financial liabilities £000**	Financial assets £000	Financial liabilities £000
Trade and other receivables, excluding prepayments	**29,788**	**-**	18,055	-
Cash	**9,545**	**-**	4,708	-
Secured bank borrowings	**-**	**95,558**	-	81,626
Other loan	**-**	**2,000**	-	2,000
Finance lease liabilities	**-**	**2,755**	-	1,856
Interest rate swaps, caps and collars, used for hedging	**-**	**395**	-	348
Trade and other payables	**-**	**32,734**	-	20,064
Shareholder loan notes	**-**	**124,866**	-	96,003
	39,333	**258,308**	22,763	201,897

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, interest rate, foreign currency and liquidity risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis.

Notes *(continued)*

18 Financial instruments *(continued)*

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 2% of the Group's revenue, and the Group's exposure to outstanding indebtedness follows this profile. Evander, which was acquired on 1 March 2016, generates much of its revenue from major insurance companies in the UK and it is likely that some of those will constitute between 2% and 5% of revenues in the year to 31 March 2017. However, by their nature, they are low credit risk businesses to deal with. 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 £6.1m (2015: £5.6m) 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 2016 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:

	2016	2015
	£000	£000
Not past due	**16,851**	11,726
Past due 0-90 days	**1,859**	1,688
Past due 90-180 days	**820**	840
Past due 180+ days	**3,335**	3,033
	22,866	17,287

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

	2016	2015
	£000	£000
At 1 April / incorporation	**5,140**	-
Impairment loss charged / (credited) to the income statement	**559**	(118)
Arising on acquisition	**484**	6,090
Written off in the year	**(882)**	(832)
At 31 March	**5,301**	5,140

Notes *(continued)*

18 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 GBP and Euro and then seeks to minimise the amount of net Euro cash flow used to settle GBP 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 Group adopts a policy of ensuring that $66^2/_3$ of the outstanding Term A and Term B facility is hedged by some sort of interest rate hedge. The principal derivative financial instruments used by the Group are LIBOR and EURIBOR interest rate swaps. The notional contract amount and the related fair value of the Group's financial instruments can be analysed as follows:

Group	**2016 Fair Value £000**	**2016 Notional Amount £000**	2015 Fair Value £000	2015 Notional Amount £000
Fixed LIBOR interest rate swaps	**201**	**21,303**	227	23,391
Fixed EURIBOR interest rate swaps	**194**	**36,191**	121	37,814

Future cash flows associated with the above instruments are dependent upon movements in LIBOR and EURIBOR over the contractual period. Interest is paid or received under the instruments on a quarterly basis, referenced to the relevant prevailing LIBOR and EURIBOR rates.

Notes *(continued)*

18 Financial instruments *(continued)*

Sensitivity analysis

In managing interest rate and currency risk the Group aims to reduce the impact of short-term fluctuation 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 2016 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 £419,000. Interest rate swaps have been included in this calculation.

Financial liabilities – analysis of maturity dates

At 31 March 2016 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 [1]	Other loans	Secured bank borrowings	Finance lease obligations	Derivative financial instruments	Total
	£000	£000	£000	£000	£000	£000
31 March 2016						
Carrying value	158,899	2,000	95,558	2,755	395	259,607
Contractual cash flows:						
Less than one year	**31,929**	**435**	**8,464**	**1,238**	**273**	**42,339**
One to two years	**2,104**	**417**	**8,405**	**398**	**122**	**11,446**
Two to five years	**-**	**1,378**	**48,809**	**1,251**	**-**	**51,438**
Over five years	**220,271**	**-**	**55,665**	**-**	**-**	**275,936**
	254,304	**2,230**	**121,343**	**2,887**	**395**	**381,159**
31 March 2015						
Carrying value	116,067	2,000	81,626	1,856	348	201,897
Contractual cash flows:						
Less than one year	20,064	111	7,407	1,160	204	28,946
One to two years	-	435	7,930	152	72	8,589
Two to five years	-	1,795	36,719	425	72	39,011
Over five years	169,009	-	59,583	257	-	228,849
	189,073	2,341	111,639	1,994	348	305,395

Note 1. Trade and other payables exclude deferred consideration and taxes and social security.

The figures in the above table assume the shareholder loan notes will be repaid on the maturity date of 17 July 2021, and that no new loan notes will be issued after the balance sheet date.

Details of bank borrowings are given in note 19. As set out in the Strategic Report on page 6 the Group is close to signing a Refinancing Agreement which affects the repayment terms of the Facility A loan and the Capex loan.

19 Other 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 17), which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 18.

	2016	2015
	£000	£000
Non-current liabilities		
Bank loans	**92,765**	79,241
Finance lease liabilities	**1,174**	1,084
Other loans	**1,667**	2,000
	95,606	82,325
Current liabilities		
Current portion of bank loans	**2,793**	2,385
Current portion of finance lease liabilities	**1,581**	772
Current portion of other loans	**333**	-
	4,707	3,157

Notes *(continued)*

19 Other 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 31 March 2020. 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	18.5%
In year ended 31 March 2020	31.5%

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 as disclosed in note 13. This facility is repayable in 4 equal semi-annual instalments from 18 January 2020 to the facility's termination date of 18 July 2021.

There is a Revolving Credit Facility of £5,000,000 provided as part of the SFA, which was not drawn down before 31 March 2016.

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 2016. Budgets and projections to September 2017 show a reasonable expectation that the Group will continue to pass the covenant tests.

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%.

As at the date of signing these accounts, as set out in the Strategic Report on page 6, the Group is close to completing a Refinancing which will extend the repayment terms of the Facility A loan and the Capex loan.

Notes *(continued)*

19 Other interest-bearing loans and borrowings *(continued)*

Drawings under the SFA are stated at amortised cost of £95,558,000 (2015: £81,626,000). 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.

	Future interest payments 2016	**Future capital payments 2016**	**Amortised cost 2016**	Future interest payments 2015	Future capital payments 2015	Amortised cost 2015
	£000	**£000**	**£000**	£000	£000	£000
At 31 March		**100,723**	**95,558**		87,165	81,626
Settle in year 1	**4,707**	**3,757**	**2,793**	4,132	3,275	2,385
Settle in year 2	**4,416**	**3,989**	**2,919**	3,958	3,639	2,723
Settle in years 3 to 5	**10,681**	**38,128**	**35,163**	10,547	24,163	21,342
Settled beyond 5 years	**816**	**54,849**	**54,683**	3,495	56,088	55,176
	20,620	**100,723**	**95,558**	22,132	87,165	81,626

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £000	**Interest 2016 £000**	**Principal 2016 £000**	**Minimum lease payments** 2015 £000	**Interest** 2015 £000	**Principal** 2015 £000
Less than 1 year	**1,238**	**64**	**1,174**	1,160	76	1,084
Between 1 and 2 years	**398**	**17**	**381**	152	12	140
Between 2 and 5 years	**1,251**	**51**	**1,200**	425	34	391
More than 5 years	**-**	**-**	**-**	257	17	240
	2,887	**132**	**2,755**	1,994	139	1,855

Notes *(continued)*

20 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 £422,000 (2015: £298,000).

Share-based payments

On 13 February 2015 the Company issued 62,792 B1 Ordinary Shares of nominal value £0.04 and 51,167 B2 Ordinary Shares of nominal value £0.01 to key members of management. The issue of shares to management was a non-cash transaction. An expense of £228,000 was recognised in the statement of consolidated income in the period to 31 March 2015.

21 Provisions

	Property	VAT	Other	Total provisions
	£000	£000	£000	£000
At incorporation	-	-	-	-
Balance acquired	722	-	-	722
Provision created	74	-	-	74
Provisions utilised	(74)	-	-	(74)
Balance at 31 March 2015	722	-	-	722
Balance acquired	**1,297**	**1,229**	**1,107**	**3,633**
Provision created	**2**	-	**63**	**65**
Provisions utilised	**(156)**	-	**(268)**	**(424)**
Balance at 31 March 2016	**1,865**	**1,229**	**902**	**3,996**
Current	**526**	**1,229**	**723**	**2,478**
Non-current	**1,339**	-	**179**	**1,518**

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. The value of the provision is based on a range of probable outcomes which has been calculated based on potential maximum exposure which has been probability weighted to reflect a range of possible outcomes.

Notes *(continued)*

22 Capital and reserves

Share capital and share premium

Allotted, called up and fully paid:		Issue price per share £	A Ord. Shares of £0.01 each Number	B1 Ord. Shares of £0.04 each Number	B2 Ord. Shares of £0.01 each Number	B3 Ord. Shares of £0.01 each Number	C Ord. Shares of £0.0001 each Number
18 July 2014	Ordinary A Shares	1.00	889,550	-	-	-	-
13 February 2015	Ordinary B1 Shares	1.80	-	62,792	-	-	-
13 February 2015	Ordinary B2 Shares	1.80	-	-	51,167	-	-
	At 31 March 2015		889,550	62,792	51,167	-	-
13 August 2015	**Ordinary B2 Share**	**1.80**	-	-	**6,416**	-	-
13 August 2015	**Ordinary B3 Shares**	**1.80**	-	-	-	**15,698**	-
23 November 2015	**Ordinary B2 Shares**	**2.00**	-	-	**2,616**	-	-
1 March 2016	**Ordinary C Share**	**1.00**	-	-	-	-	**174,479**
	At 31 March 2016		**889,550**	**62,792**	**60,199**	**15,698**	**174,479**

		Share Capital £	Share Premium £
18 July 2014	A Ordinary Shares	8,896	880,654
13 February 2015	B1 Ordinary Shares	2,512	110,513
13 February 2015	B2 Ordinary Share	511	91,590
	Issue fees	-	(42,387)
	At 31 March 2015	11,919	1,040,370
13 August 2015	**B2 Ordinary Shares**	**64**	**11,485**
13 August 2015	**B3 Ordinary Share**	**157**	**28,099**
23 November 2015	**B2 Ordinary Shares**	**26**	**5,206**
1 March 2016	**C Ordinary Shares**	**18**	**174,461**
		12,184	**1,259,621**

All shares rank pari passu for dividends paid by the Company, as if all the shares constituted one class of share capital.

On a return of capital on liquidation or otherwise the amount distributed will first be used to repay to each shareholder a sum equal to the issue price of the shares. Any surplus remaining will be distributed amongst the holders of the Equity Shares pro rata to the number of shares held by the relevant shareholder at the time.

The holders of the B2 Ordinary Shares and the C Ordinary Shares do not have any voting rights. In a vote on a written resolution or on a resolution to be passed at a General Meeting, whether by show of hands or on a poll, each shareholder will have one vote for each A Ordinary Share held, one vote for each B1 Ordinary Share held and 4 votes for each B3 Ordinary Share held.

In the event of a Default Event the Majority Investors (by an Investor Direction) may direct that holders of the B1 Ordinary Shares, the B3 Ordinary Shares and the A Ordinary Shares who are not Investors shall cease to be entitled to a vote on a written resolution, and shall cease to be entitled to attend and vote at any General Meeting of the Company or at any separate class meeting. The Majority Investors may also direct that C Ordinary Shares held by the Investors shall confer entitlement to vote on a written resolution, and to attend and vote at any General Meeting of the Company and any separate class meeting.

Translation reserve

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

Notes *(continued)*

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£000	£000
Within one year	**1,405**	1,500
Between one and five years	**9,667**	2,425
More than five years	**161**	1,093
	11,233	5,018

The increase in future lease payments at 31 March 2016 compared with the prior year end is due to the operating leases of the Evander Group which was acquired during the year.

24 Commitments

There were no significant capital commitments at 31 March 2016 (2015: £nil).

25 Contingencies

The Company is party to a banking facility under which it has guaranteed the bank borrowings, performance bonds and guarantees of its fellow companies. The total net bank borrowings (senior debt less cash) of the Group was £91,255,000 (2015: £82,465,000).

26 Related parties

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. A monitoring fee is charged by PAI Partners SAS, and accrued, of £25,000 per month.

Transactions with key management personnel

Directors of the Company controlled 2.2% of the A Ordinary Shares and 50% of the B1 Ordinary Shares at both 31 March 2015 and 31 March 2016. In terms of voting rights this gave them 5.0% of the voting rights (2015: 5.3%).

The directors are the key management personnel and their remuneration and other disclosable transactions are set out in note 7.

Transactions with the ultimate parent undertaking.

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

27 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 2016 the total net bank borrowings (senior debt less cash) of the Group were £91,255,000 (2015: £82,465,000).

Notes *(continued)*

28 Ultimate parent company and parent company of the larger group

The Company is a subsidiary undertaking of 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.

29 Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the period ended 31 March 2015 and in the preparation of an opening IFRS balance sheet at 4 March 2014 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

29 Explanation of transition to Adopted IFRSs *(continued)*

Reconciliation of equity at 31 March 2015

	UK GAAP	Note 28a	Note 28b	Note 28c	Note 28d	Note 28e	Adopted IFRSs
	£000	£000	£000	£000	£000	£000	£000
Non-current assets							
Property, plant and equipment	11,754	(655)	-	-	-	-	11,099
Intangible assets	151,651	16,392	(3,094)	-	-	-	164,949
	163,405	15,737	(3,094)	-	-	-	176,048
Current assets							
Inventories	319	-	-	-	-	-	319
Trade and other receivables	21,448	-	-	-	-	-	21,448
Cash and cash equivalents	4,708	-	-	-	-	-	4,708
	26,475	-	-	-	-	-	26,475
Total assets	189,880	15,737	(3,094)	-	-	-	202,523
Current liabilities							
Interest-bearing loans and borrowings	(3,250)	-	-	93	-	-	(3,157)
Trade and other payables	(19,544)	-	-	-	(204)	(520)	(20,268)
Provisions	(74)	-	-	-	-	-	(74)
Deferred tax	-	(1,737)	-	-	-	-	(1,737)
	(22,868)	(1,737)	-	93	(204)	(520)	(25,236)
Total assets less current liabilities	167,012	14,000	(3,094)	93	(204)	(520)	177,287
Equity attributable to equity holders of the parent							
Share capital	1,052	-	-	-	-	-	1,052
Translation reserve	1,658	639	-	-	-	-	2,297
Retained earnings	(14,094)	1,102	(3,094)	(326)	(348)	(520)	(17,280)
Total equity	(11,384)	1,741	(3,094)	(326)	(348)	(520)	(13,931)
Non-current liabilities							
Interest-bearing loans and borrowings	81,906	-	-	419	-	-	82,325
Trade and other payables	95,842	-	-	-	144	-	95,986
Provisions	648	-	-	-	-	-	648
Deferred tax	-	12,259	-	-	-	-	12,259
	178,396	12,259	-	419	144	-	191,218
Total equity plus non-current liabilities	167,012	14,000	(3,094)	93	(204)	(520)	177,287

Notes *(continued)*

29 Explanation of Transition to Adopted IFRSs *(continued)*

There are no differences in the Balance Sheet at the date of incorporation between UK GAAP and IFRS.

As at 31 March 2015 there were four major changes affecting equity:

a) Under UK GAAP the difference between the consideration paid for an acquired business and the fair value of the assets acquired was treated as goodwill which was amortised over the expected life of the goodwill of 20 years. Under IFRS intangible assets acquired, which may not have appeared as assets in the Balance Sheet of the acquired business, are valued. As intangible assets are amortised, and the amortisation is not allowed as a deduction in calculating taxable profits, a deferred tax liability is recognised and amortised as the assets are amortised. Goodwill under IFRS is the difference between the consideration paid and the fair value of the assets, including intangible assets, acquired. Goodwill is not amortised under IFRS, but is valued annually and provision made for any impairment. Intangible assets are amortised over their useful lives which, as set out in note 1.11, is less than the 20 year amortisation period of Goodwill adopted in the UK GAAP accounts at March 2015. In addition to that major difference there is one smaller difference because capitalised software is treated as an intangible asset under IFRS but, in the UK GAAP accounts at March 2015 it was classified as a tangible asset. This is simply a classification difference on the Balance Sheet and has no impact on equity. The difference between the amortisation of goodwill in the period to 31 March 2015 under UK GAAP of £5,835,000 and the amortisation of acquired intangible fixed assets in the IFRS basis accounts of £5,916,000 is a charge to equity at 31 March 2015 of £81,000.

b) Under UK GAAP certain advisor fees related to acquisitions of businesses could be capitalised, becoming part of the total cost of acquisition in determining goodwill as per paragraph (a) above. Under IFRS all such fees are expensed through the Income Statement. Acquisition costs written off which were previously capitalised reduced equity at 31 March 2015 by £3,094,000.

c) Under UK GAAP liabilities for interest bearing loans were recorded at the capital amount outstanding at the Balance Sheet date. Fees incurred in setting up the facility were capitalised and amortised over the life of the loan. Under IFRS the amount of the interest bearing loans are recorded at amortised cost, with the initial set up fees included in the calculated amount. The calculation of amortised cost valued the interest bearing loans at a higher liability at 31 March 2015 of (in total) £85,482,000 compared with the UK GAAP amount of £85,156,000, a reduction of equity of £326,000. There is no impact on future cash flows relating to capital and interest repayments of this restatement.

d) Under UK GAAP no liability, or asset, was recorded for the market value of interest rate hedge contracts held to convert part of the variable rate interest on loans to a fixed rate. Under IFRS such derivative contracts have to be valued and the liability, or asset, recorded on the Balance Sheet and the movement in the year or period taken to the Income Statement. This change reduced equity at 31 March 2015 by £348,000.

e) Under UK GAAP holiday pay accrued was not recognised as a liability, but under IFRS it is. Due to the holiday period in France not being the same as the financial year end there was a sum accrued at 31 March 2015 of £520,000 which has been charged to administrative costs in the IFRS accounts for the period to 31 March 2015.

Notes *(continued)*

29 Explanation of transition to Adopted IFRSs *(continued)*

Reconciliation of loss for period to 31 March 2015

	UK GAAP	Note 28a	Note 28b	Note 28c	Note 28d	Note 28e	Adopted IFRSs
	£000	£000	£000	£000	£000	£000	£000
Revenue	56,900	-	-	-	-	-	56,900
Cost of sales	(27,385)	-	-	-	-	-	(27,385)
Gross profit	29,515	-	-	-	-	-	29,515
Administrative expenses	(27,019)	(81)	-	-	-	(520)	(27,620)
Non-recurring items	(3,447)	-	(3,094)	-	-	-	(6,541)
Operating loss before net financing costs	(951)	(81)	(3,094)	-	-	(520)	(4,646)
Financial expenses	(11,367)	-	-	(326)	(348)	-	(12,041)
Loss before tax	(12,318)	(81)	(3,094)	(326)	(348)	(520)	(16,687)
Taxation	-	1,183	-	-	-	-	1,183
Profit after tax but before loss on discontinued operation	(12,318)	1,102	(3,094)	(326)	(348)	(520)	(15,504)
Loss on discontinued operation	(1,776)	-	-	-	-	-	(1,776)
Loss for the year	(14,094)	1,102	(3,094)	(326)	(348)	(520)	(17,280)