Company Registration No. 08922409 (England and Wales)

TYRION SECURITY TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

TYRION SECURITY TOPCO LIMITED

COMPANY INFORMATION

Directors	C Afors	
	C O'Sullivan	
	L Newman	
	S Hardyman	(Appointed 26 July 2018)
	D Cavanagh	(Appointed 1 November 2018)
	D Downie	(Appointed 4 December 2018)
	F Fouletier	(Appointed 12 October 2018)
	R Jones	(Appointed 7 February 2019)
	G Loftus	(Appointed 1 December 2018)
Secretary	S Hardyman	
Company number	08922409	
Registered office	Third Floor International Buildings 71 Kingsway London WC2B 6ST	
Auditor	KPMG LLP One Snowhill Birmingham B4 6GH	

TYRION SECURITY TOPCO LIMITED

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TYRION SECURITY TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report on Tyrion Security Topco Limited group of companies (the "Group", or "VPS") for the year ended 31 March 2019.

Principal activities
During the year under review, the Group and its subsidiaries operated across a number of geographical markets and sectors. The Group has been reorganised from a geographical-focused organisation to a more divisional-focused business that recognises the different markets and customer bases of each division.

The Group's principal division is "Security Services" which is principally engaged as a provider of security solutions for vacant properties, infrastructure sites and construction projects. The Security Services division operates in the United Kingdom, France, Spain, Germany, Italy, Ireland and the Netherlands. The division is a leading provider to insurance companies, social housing projects, construction and infrastructure companies, property owners and managers and security or facility managers. The division provides a range of services including equipment based solutions.

The Group's "Evander" division principally provide glazing, doors and locks related services to the reactive insurance market, in which it is a market leader. The Evander division also provides commercial glazing services (both reactive and planned) and engaged is in noise abatement works for the United Kingdom Highways Agency. This division operates in the United Kingdom and Northern Ireland.

The Group's "Guardians" division principally operates in the United Kingdom, the Netherlands, France, Germany and Ireland. The division provides guardians and property management services for vacant properties. The division's customers are principally local government authorities and property owners.

The Group's "Grounds" division operates predominantly in the southern regions of the United Kingdom and provides various landscaping, cleaning and grounds maintenance services to house builders, local authorities and property managers.

Review of business
The directors are satisfied with the results of the year. The business has achieved a 18.4% increase in revenue whilst completing a number of important business changes.

The Group has successfully restructured and refinanced its borrowings during the year, which has resulted in a reduction in bank borrowings and an increase of funding from its shareholder. This has improved the liquidity position of the Group and provided additional funding headroom for the business.

In addition, the Group has successfully carried out a number of initiatives including a review of its senior management and organisation structure.

Key performance indicators

	Notes	2019 £'000	2018 £'000	Year on year movement
Revenue		159,426	134,620	+18.4%
Gross profit margin		39.7%	41.8%	-2.1%
Adjusted EBITDA	1.20(ii), 2	12,621	11,233	+12.4%
Cash flow from operating activities		9,987	960	+940.3%

Growth in revenue was achieved in the underlying business in the United Kingdom and in other EU member states. Revenue increased by 19.5% in the UK that accounted for 12.1% increase for the Group. Revenue originating in other EU states increased by 16.7% in the year and accounted for 6.3% of the increase in the revenue of the Group.

Gross margin achieved on different lines of products and services has remained stable during the year. The overall reduction in gross margin by 2.1% has resulted from the mix of products and services sold.

The Group has reported an 12.4% increase to adjusted EBITDA, an alternative performance measure used by the Group to assess its underlying performance (see note 1.20). The increase in adjusted EBITDA is the result of the growth in revenue and a reduction in spending on underlying costs.

Operating cash inflow generated by the Group in the year was £9.99 million (20018: £0.96 million). The improvement over the prior year was the result of an increased focus on working capital management. Stronger cash inflows will support the Group's growth strategy and capital allocation framework.

Strategy
The Group is focused on *"providing Value, Protection & Security to our colleagues and customers"* and is focused on the following:

1. Implementing a **Divisional Structure** with a Lean Group Overhead
2. Strong **Controls** (both for Financial and Health & Safety related functions)
3. Improving Employee **Engagement**
4. Trading Themes:
    a. **Be Local and Entrepreneurial** – developing customer intimacy and agilely solving their problems
    b. **Become a World Class Selling Organisation** – being responsive, knowledgeable and ambitious
    c. **Create Operational Efficiency** – ensuring that our cost to serve model allows us to offer value to our customers
    d. **Become Easier to Run** – ensuring that our systems and support functions enable us to deliver highest quality of services to our customers and colleagues

The Group believes that there are growth opportunities across all of its divisions both in existing geographical markets by increasing market share, offering new products and services to existing clients, expanding regionally, and offering existing products and services to new clients. The Group believes that there are significant growth opportunities for the Guardians division and the Security Services division in new geographical markets.

Lotus Landscapes Limited
In May 2019, the Group completed the sale of Lotus Landscapes Limited ("Lotus"); a subsidiary of the Group that engaged principally in grounds maintenance and landscaping services. The sale of the subsidiary was being actively negotiated at the balance sheet date.

Within the Group there are a number of businesses that engaged in activities with a similar risk profiles to Lotus competing for capital and management resources. These businesses are able to produce a higher rate of return compared to the investments in Lotus and have out competed with Lotus for resources. The Group believes that Lotus would flourish better under new ownership.

Further details on the sale of Lotus Landscapes Limited are provided in note 13 to these financial statements.

Principal risks and uncertainties
The Group considers the following to be its principal risks to the development, performance, position or future prospects of the Group.

An assessment of each risk is provided below. The risks have not been presented in order of priority or importance.

Risk and Potential Impact	Mitigation actions and controls	Link to business model and strategy
People (moderate risk) Ability to attract and retain high-quality and capable staff at all levels of the organisation.	- Provide and maintain a safe environment for all employees - Operate a remuneration structure designed to encourage superior performance - Embed employee engagement and proactive employee development into business processes	- Employee Engagement - Controls (Health & Safety)
Changes in market demands (low risk) There are trends in certain sectors of the market that are moving towards technology-driven security solutions in place of the traditional manned guarding or fixed CCTV security solutions.	- The Group's technology driven solutions are often less than 10% of the cost of traditional manned guarding - Continue investment in new products and solutions - Innovative use of technology	- Local & Entrepreneurial - World Class Selling Organisation
Liquidity (low risk) The liquidity position of the Group is underpinned by bank borrowings; any non-compliance with financial banking covenants would have a significant impact on the Group's liquidity position	- Strong treasury management controls - Rigorous budgeting, planning and monitoring processes on financial covenants to ensure sufficient headroom for the business at all times	- Controls (Financial)
Competition and Pricing (moderate risk) Certain markets that the Group operates in have lower barriers to entry. In some sectors, small competitors are attempting to compete for tenders based primarily on lower prices. Social housing budgets in some of our key markets have been reducing in recent years, which have led to an increased focus by customers on pricing.	- Provide quality services and solutions - Often the Group is the only service provider that can provide property services, security and other labour-based services across a geographical market. - Continue to undertake programs to ensure that the cost to serve clients is competitive versus lower cost providers. It is very important to ensure the Group delivers value to its clients.	- Be Local & Entrepreneurial - Selling Organisation - Operational Efficiency
Credit Risk (moderate risk) The Group has limited exposure to credit loss in the social housing and local authority markets. In the Commercial sector, the majority of the Group's customers are recognised international property managers and large corporate landowners with a low credit risk. The Group however recognises that in the construction sector, a key vertical market for growth for the Group has an inherently higher credit risk.	- Strong credit control functions	- Become Easier to Run - Controls (Financial)

Interest Rates and Foreign Exchange (moderate risk) The Group holds floating-rate borrowings denominated in British Pounds Sterling and Euros. The Group recognises cash flow related risk resulting from change in EURIBOR and LIBOR benchmark rates and changes in British Pounds Sterling to Euro exchange rate.	- Treasury and risk management policies and controls	- Controls (Financial)
Information technology systems (moderate risk) The Group operates a number information technology systems including some that are bespoke and customised for the operations of the business. Any failures to these systems would have an impact on our ability to deliver quality services our customers.	- Plans are in place to upgrade and/or replace existing systems - Full disaster recovery plans are in place	- Become Easier to Run
Technology (low risk) The Group maintains a fleet of security equipment that utilises various technologies to provide security services. As new technology are developed our fleet of equipment may become less competitive on operational cost or on functionalities	- Full refurbishment and maintenance program in place - Investments in and development of new equipment	- Operational Efficiency - Controls (Financial)

Brexit

In March 2017, following a referendum decision to leave the European Union, the government of the United Kingdom invoked article 50 of the Treaty on European Union which began the process of withdrawing the United Kingdom from the European Union. There are currently uncertainties around the timing and the manner in which the United Kingdom is to leave the European Union.

The referendum decision has created political, economic and financial uncertainty that will play out for the period to 31 October 2019 and beyond. Long term impact of Brexit will depend heavily on the details of trade deals, if any, that are agreed between the United Kingdom and the European Union that apply post Brexit.

The Group has initiated its reviews with the primary aim being to map out and analyse the potential challenges that may result from the United Kingdom's withdrawal from the European Union. There are several options and variants of Brexit still under consideration by the UK government, and the scenario of a Brexit without a trade deal (a "no-deal Brexit") with the European Union is considered to present the greatest risks to its business in the United Kingdom. The Group has concentrated its highest risk assumptions on a scenario where the United Kingdom leaves the European Union without a trade deal.

The Group has conducted a review of its revenue streams and this review supports an assessment that, to date, a no-deal Brexit would present a limited potential risk, if any, to its revenue and liquidity forecasts. The subsidiaries of the Group carry out business principally in the countries in which they reside. There are very few transactions that are carried out by subsidiaries with third parties outside of their country of residence.

The Group's staff and workforce in the United Kingdom comprise a proportion of European Union nationals. Reviews carried out by the Group supported an assessment that a no-deal Brexit will have limited impact, if any, on the Group's ability to retain and recruit staff.

The UK business procures some of its security equipment for its core business from suppliers in other European Union states. The Group's assessment highlighted that a no-deal Brexit may introduce additional customs procedures when importing security equipment into the United Kingdom. Except for security equipment capital assets, the Group has minimal level of direct imports from other European Union states into the United Kingdom and vice versa.

The Group has concluded that the impact of Brexit on its operations to be a limited potential risk. The management will continue to monitor the risks associated with the development of the Brexit process.

On behalf of the board

R Jones
Director
1 October 2019

The directors present their report and the audited financial statements for the year ended 31 March 2019.

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

C Afors	
J Darnton	(Resigned 12 October 2018)
N Holzman	(Resigned 12 October 2018)
C O'Sullivan	
L Newman	
S Hardyman	(Appointed 26 July 2018)
D Cavanagh	(Appointed 1 November 2018)
D Downie	(Appointed 4 December 2018)
F Fouletier	(Appointed 12 October 2018)
R Jones	(Appointed 7 February 2019)
G Loftus	(Appointed 1 December 2018)

Results and dividends
The profit for the year after taxation amounted to £14.7 million (2018: loss of £40.0 million). The directors do not recommend the payment of a dividend for the year (2018: £nil).

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

Should an existing employee's circumstances change, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever possible.

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

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

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

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

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

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 5.

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

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

On behalf of the board

R Jones
Director
1 October 2019

Statement of directors' responsibilities

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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

Opinion
We have audited the financial statements of Tyrion Security Topco Limited ("the company") for the year ended 31 March 2019 which comprise the consolidated income statement and statement of comprehensive income, consolidated balance sheet, consolidated changes in equity, consolidated statement of cash flows, company balance sheet, company statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

The impact of uncertainties due to the UK exiting the European Union on our audit
Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill, intangibles, trade debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Responsibilities of directors

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TYRION SECURITY TOPCO LIMITED

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

Anna Barrell

Anna Barrell (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
One Snowhill
Birmingham
B4 6GH
4.10.2019

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Revenue	4	159,426	134,620
Cost of sales		(96,205)	(78,356)
Gross profit		63,221	56,264
Administrative expenses		(64,940)	(63,309)
Net impairment loss on trade receivables and contract assets		(719)	759
Non-underlying expenses	3	(11,258)	(21,427)
Total administrative expenses		(76,917)	(83,977)
Operating loss (Adjusted EBITDA is disclosed in Note 2)	5	(13,696)	(27,713)
Finance costs	7	(9,431)	(13,640)
Other gains and losses	8	36,421	-
Profit/(loss) before taxation		13,294	(41,353)
Taxation	9	1,432	1,384
Profit / (loss) from continuing operations		14,726	(39,969)
Profit / (loss) for the year		14,726	(39,969)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Actuarial gain / (loss)		8	(41)
Foreign exchange reserve movement		(571)	(573)
Total comprehensive income / (loss) for the year		14,163	(40,583)

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

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	10	11,441	14,722
Intangible assets	11	65,977	76,876
		77,418	91,598
Current assets			
Inventories	15	1,739	1,877
Contract assets	4	2,677	3,506
Trade and other receivables	16	28,993	35,944
Cash and cash equivalents		18,024	4,898
		51,433	46,225
Total assets		128,851	137,823
Current liabilities			
Interest-bearing loans and borrowings	19	(872)	(5,809)
Trade and other payables	17	(37,522)	(36,259)
Contract liabilities	4	(2,521)	(515)
Provisions	21	(1,491)	(802)
Deferred tax liabilities	14	(789)	(2,090)
		(43,195)	(45,475)
Total assets less current liabilities		85,656	92,348

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Equity attributable to equity holders of the parent			
Share capital	**22**	24	23
Share premium	**22**	21,545	1,545
Other reserves		152,508	102,361
Retained earnings		(179,701)	(190,214)
Total equity		(5,624)	(86,285)
Non-current liabilities			
Interest-bearing loans and borrowings	**19**	64,698	98,227
Trade and other payables	**17**	18,648	72,284
Provisions	**21**	1,761	1,124
Deferred tax liabilities	**14**	6,173	6,998
		91,280	178,633
Total equity and non-current liabilities		85,656	92,348

The financial statements were approved by the board of directors and authorised for issue on 1 October 2019 and are signed on its behalf by:

R Jones . (Director)

Company Registration No. 08922409

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £'000	Share premium £'000	Translation reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2017		12	1,267	4,059	98,968	(150,204)	(45,898)
Loss and total comprehensive income for the year		-	-	-	-	(39,969)	(39,969)
Issue of share capital		11	278	-	-	-	289
Other comprehensive income		-	-	(573)	-	(41)	(614)
Capital contribution		-	-	-	(93)	-	(93)
Balance at 31 March 2018		23	1,545	3,486	98,875	(190,214)	(86,285)
Impact of changes in accounting policies	27	-	-	-	-	(4,221)	(4,221)
Restated opening balances at 1 April 2018		23	1,545	3,486	98,875	(194,435)	(90,506)
Year ended 31 March 2019:							
Profit and total comprehensive income for the year		-	-	-	-	14,726	14,726
Issue of share capital	22	1	20,000	-	-	-	20,001
Other comprehensive income		-	-	(571)	-	8	(563)
Capital contribution	18	-	-	-	50,718	-	50,718
Balance at 31 March 2019		24	21,545	2,915	149,593	(179,701)	(5,624)

TYRION SECURITY TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit / (loss) for the year		14,726	(39,969)
Adjustments for:			
Depreciation, amortisation and impairment		16,974	34,256
Foreign exchange (gains) / losses		(255)	271
Finance (income) / expenses		(27,890)	13,640
Profit on sale of property, plant and equipment		724	(204)
Impairment loss on remeasurement of disposal group		899	-
Taxation		(1,431)	(1,384)
		3,747	6,610
Decrease) / (increase) in contract assets, trade and other receivables		4,358	(6,918)
(Increase) / decrease in inventories		138	(442)
Increase in contract liabilities, trade and other payables		389	3,335
Decrease in provisions		1,326	(1,626)
		9,958	959
Tax paid		132	(49)
Net cash flow from operating activities		10,090	910
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(4,810)	(7,436)
Proceeds from sale of property, plant and equipment		642	1,058
Net cash flow used in investing activities		(4,168)	(6,378)
Cash flows from financing activities			
Proceeds from issue of shares		-	289
Proceeds from borrowings		-	4,750
Loans received from related parties		15,000	10,000
Interest paid		(4,331)	(4,658)
Repayment of borrowings		(1,959)	(4,629)
Payment of finance lease liabilities		(1,403)	(1,918)
Net cash flow from financing activities		7,307	3,834
Net increase / (decrease) in cash and cash equivalents		13,229	(1,634)
Cash and cash equivalents at 1 April		4,898	6,482
Effect of movement in exchange rates on cash held		(103)	50
Cash and cash equivalents at 31 March		18,024	4,898

1 Accounting policies

Corporate information
Tyrion Security Topco Limited (the "Company" or the "parent") is a private company limited by shares incorporated and domiciled in England and Wales. The registered office of the Company is located at Third Floor, International Buildings, 71 Kingsway, London WC2B 6ST.

The Company and its subsidiaries (collectively, the "Group") principally engage in the provision of security services, property guardians, grounds related services and glazing, doors and locks related services.

1.1 Basis of preparation

The principal accounting policies adopted by the Group are set out below. These policies have been applied consistently to all periods presented unless otherwise stated. The consolidated financial statements of the Group (the "financial statements") present information about the group consisting of the Company and its subsidiaries. The financial statements were authorised for issue by the Company's board of directors.

Compliance with International Financial Reporting Standards
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by IFRS Interpretations Committee as adopted by the European Union ("EU") and with Companies Act 2006 applicable to companies reporting under IFRS in the United Kingdom.

Use of judgement and estimates
The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities where values are not readily apparent from other sources. Management is also required to exercise judgement, other than those involving estimations, in the application of the Group's accounting policies.

Areas where judgement and estimates have been applied that have a significant impact on the financial statements are detailed in note 1.21.

Measurement convention
The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

New financial reporting requirements
A number of EU-endorsed amendments to existing IFRS and interpretations were effective for annual reporting periods beginning on or after 1 January 2018 and have been applied in preparing the financial statements of the Group. There is no material effect on the financial statements by applying the amended standards.

The Group has adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* for the first time in preparing its financial statements for the annual reporting period commencing on 1 April 2018. The Group has revised its accounting policies and methodologies, and made certain retrospective adjustments following the adoption of these standards and, which are disclosed in note 28. Comparative information throughout these financial statements has not been restated.

1 Accounting policies **(Continued)**

IFRS 9 Financial Instruments
IFRS 9 addresses the classification, recognition and measurement of financial assets and financial liabilities, impairment and hedge accounting. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

Classification and measurement of financial assets and financial liabilities: The number of measurement categories for financial assets have been reduced compared to the measurement categories in IAS 39. Under IFRS 9 the classification of a financial asset is generally based on the business model within which the asset is held and the contractual cash flow characteristics of the asset.

The standard largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Impairment: The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39 for debt instruments measured at amortised cost and fair value through other comprehensive income.

Hedge Accounting: On initial application of the standard, an entity may choose, as its accounting policy, to continue to apply the hedge accounting requirements of IAS 39 instead of the hedge accounting requirements of IFRS 9. The Group has adopted the hedge accounting requirements of IFRS 9 from date of initial application of the standard.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the Income Statement. Previously, the Group's approach was to include the impairment of financial assets in "administrative expenses". Consequently, the Group reclassified impairment losses, recognised under IAS 39, from "administrative expenses" to "net impairment loss on trade receivables and contract assets" in the income statement for the year ended 31 March 2018.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

The standard introduced a five-step approach to revenue recognition – identifying the contract; identifying the performance obligations in the contract; determining the transaction price; allocating that transaction price to the performance obligations; and finally recognising the revenue as those performance obligations are satisfied.

On transition to IFRS 15, the Group has applied the standard retrospectively without using practical expedient, with the cumulative effect of initially applying this standard recognised at the date of initial application (1 April 2018). Accordingly, the information presented for the prior year has not been restated. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

1 Accounting policies **(Continued)**

1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 1 to 5. The financial position of the Group and its cash flows are described in pages 12 to 15.

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

The Group currently meets its day-to-day working capital requirements out of the cash balances that it retains. At the balance sheet date, the Group held cash balances of £18.0 million and an revolving credit facility of £1 million of which £0.2 million was undrawn. The revolving credit facility forms part of the committed bank facilities that is due to expire in July 2022. The Group's obligations in relation to these loans are described in note 19.

Except for balances drawn on the revolving credit facility, bank loans are repayable commencing from September 2020. At the balance sheet date the bank loans outstanding were £63.1 million.

The Group also has debt obligations of £15 million under a loan facility from it shareholder that is repayable on expiry in July 2022.

The Group's forecast and projections taking account of possible changes in trading performance show that the Group will be able to operate within the level of the cash and committed credit facilities for the foreseeable future.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Basis of consolidation

The financial statements of the Group incorporate the financial statements of the Company and its subsidiaries.

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 voting rights and all relevant facts and circumstances that afford the Group power over the entity. 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 on consolidation. 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 Accounting policies **(Continued)**

1.4 Foreign currency

The functional and presentational currency of the parent is British Pound Sterling. The financial statements of the Group are presented in British Pound Sterling and all values are rounded to the nearest thousand pound (£'000) except where otherwise indicated.

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 are translated to the functional currency at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement and the statement of comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, British Pound 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.

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.

1 Accounting policies **(Continued)**

1.5 Financial instruments

Classification and measurement
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit and loss ("FVTPL"). This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial instruments issued by the Group are recognised as equity only to the extent that they meet the following two conditions:

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

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

1 Accounting policies **(Continued)**

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in the income statement.

1.6 Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables including contract assets, cash and cash equivalents, trade and other payables including contract liabilities, interest-bearing loans and borrowings, and equity instruments.

Trade and other receivables including contract assets
Trade receivables are measured initially at transaction price and other receivables are recognised initially at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less allowance for credit losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits held on call and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables including contract liabilities
Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. These amounts are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Interest-bearing loans and borrowings
Interest-bearing loans and borrowings are recognised initially at fair value net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

1.7 Derivative financial instruments

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward looking macro-economic information approach to assessing hedge effectiveness.

The Group's risk management policies include the use of derivative instruments to manage interest rate and foreign exchange related risks.

Derivative financial instruments are recognised initially at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in fair value of the derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

1.8 Property, plant and equipment

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

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

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

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

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

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

1 Accounting policies **(Continued)**

1.9 Business combinations

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

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

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

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

1 Accounting policies **(Continued)**

1.10 Intangible assets and goodwill

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

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

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

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

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

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

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

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

1.12 Impairment

Financial instruments and contract assets
From 1 April 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses.

1 Accounting policies (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Twelve month expected credit losses are the portion of expected credit loss that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired, and there is no reasonable expectation of recovery. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual clients, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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.

1 Accounting policies **(Continued)**

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 the income statement. 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.

1.13 Employee benefits

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

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

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

1.14 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.

1.15 Revenue

Revenue from contracts with customers is recognised consistent with the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual goods and services provided to the end of the reporting period as a proportion of the total goods and services to be provided. This is determined based on an allocation of the transaction price to each performance obligation of the contract.

1 Accounting policies **(Continued)**

The transaction price is measured at fair value of the consideration received or receivable, excluding sales taxes.

The Group's major services and product lines are as follows:

Security services and guardians
Security and guardians services provided by the Group are used to improve the security of properties and sites for a period of time. The services include access control, monitoring, guardians and guarding, and may include the use of certain equipment such as alarms, security towers and steel security screens.

Revenue from security services are recognised over time based on the actual services provided in proportion to the period contracted for the services.

Glazing, doors and locks related services
Services in relation to glazing, doors and locks provided by the Group include repairs, installation and the provision of the products. Revenue from these activities is recognised at the point in time when the goods and services are provided.

Properties and grounds related services
The range of services provided by the Group in relation to properties and grounds includes property clearance, cleaning and grounds maintenance.

Where the Group is contracted to provide an agreed set of services for a period of time, or where the completion of a service spans a significant period of time, revenue is recognised over the contracted period in proportion to the contract price based on the services provided, or based on the degree of completion of the service. For services that do not span a period of time, revenue is recognised at the point when the goods and services are provided.

Other
Goods and services provided by the Group that are principally fulfilled at a point in time. Revenue is recognised when the goods and services are provided.

1.16 Expenses

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

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

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

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

1 Accounting policies **(Continued)**

1.17 Taxation

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

Current tax

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

Deferred tax

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

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

1.18 Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and that a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value and assets arising from employee benefits.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

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.

1 Accounting policies **(Continued)**

1.19 Financial reporting standards applicable for future financial periods

A number of new standards and amendments to existing standards are effective for annual periods beginning after 1 January 2019 and have not been applied by the Group in preparing these consolidated financial statements. The standards and amendments include:

- IFRS 16 *Leases* (effective 1 January 2019)
- Amendment to IAS 28 *Long-term Interests in Associates and Joint Ventures* (effective 1 January 2019)
- Amendment to IAS 19 *Plan Amendment, Curtailment or Settlement* (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015–2017 Cycle (effective 1 January 2019)
- IFRIC 23 *Uncertainty over Tax Treatments* (effective 1 January 2019)
- Amendments to References to Conceptual Framework in IFRS Standards (effective 1 January 2020)
- IFRS 17 *Insurance Contracts* (effective 1 January 2021, but not yet adopted by the EU)

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application, and the Group is in the process of assessing the impact of adopting this standard.

IFRS 16 *Leases*

The International Standards Board issued IFRS 16 *Leases* which replaces existing leasing guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement contains a lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, and is mandatory for adoption by the Group from 1 April 2019.

The standard introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard provides certain exemptions from recognising leases on the balance sheet, including where the asset is of low value or the lease term is 12 months or less. Lessor accounting remains similar to the current standard, and lessors continue to classify leases as finance or operating leases.

1 Accounting policies **(Continued)**

1.20 Alternative performance measures

In the reporting of financial information, the directors have adopted various alternative performance measures to provide additional useful information. These measures principally highlight underlying trends and performance, or function as key performance indicators.

Alternative performance measures are not defined under IFRS and are termed "non-GAAP measures". They are not designed to be a substitute for, or superior to, IFRS measures, and they may not be directly comparable to the similarly titled performance measures adopted by other entities.

The alternative performance measures presented in these financial statements are as follows:

Non-underlying expenses

The Group's income statement identifies trading results including non-underlying expenses separately.

Non-underlying expenses comprise of costs that are principally one-off or non-recurring in nature, including, but not limited to, expenditures incurred relating to business restructuring, potential acquisitions, loan refinancing, and other costs that are not reflective of the underlying performance of the Group.

The directors believe that presenting the financial results this way is relevant to the underlying financial performance of the Group, as non-underlying expenses are identified by virtue of their size, nature and incidence. The presentation is consistent with the financial performance reported to the Board of the Company and to senior management. In determining whether an event or a transaction is treated as a non-underlying administrative expense, management considers quantitative and qualitative factors such as frequency of occurrence.

Adjusted EBITDA

Adjusted EBITDA is a measure of the underlying operating profit. The measure excludes non-underlying administrative expenses, interest income and expenses, foreign exchange gains and losses, depreciation and amortisation.

Adjusted EBITDA is related to some of the measures used in a Senior Facility Agreement under which a consortium of banks provides credit facilities to the Group, and is therefore a key indicator of the Group's liquidity.

Further details of adjusted EBITDA are provided in note 2 to these financial statements.

1 Accounting policies **(Continued)**

1.21 Significant judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities. Management is also required to exercise judgement, other than those involving estimations, in the application of the Group's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, 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.

- The Group is required to estimate the cost of settling dilapidation obligation for it property leases. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot of office / depot space.

- The classification of an item of expenditure as non-underlying administrative expense requires judgement to determine whether the item of expenditure is part of the normal underlying operating activities.

In determining when revenue from a contract with a customer is to be recognised, it is necessary to determine the nature of the contractual obligations and when a customer obtains control of the goods and services. Determining the nature of the contractual obligations and timing of the transfer of control over goods and services require judgement.

2 Adjusted EBITDA

	2019 £'000	2018 £'000
Operating loss	(13,696)	(27,713)
Add back:		
Depreciation	6,057	6,240
Amortisation	10,180	10,870
Impairment of intangibles	737	17,146
Non-underlying costs	10,521	4,032
Acquisition costs expensed	-	249
Foreign exchange losses / (gains)	(1,178)	409
Adjusted EBITDA	12,621	11,233

Adjusted EBITDA as calculated above is a preferred alternative performance measure of the underlying operating performance of the business.

3 Non-underlying expenses

Included in the income statement are the following:	2019 £'000	2018 £'000
Non-underlying expenses:		
Adviser fees (1)	2,700	1,614
Acquisition costs (2)	-	249
Restructuring costs (3)	2,820	1,652
Other (4)	5,001	766
Total non-underlying expenses	10,521	4,281
Impairment loss on intangibles	737	17,146
Total	11,258	21,427

1. Included within adviser fees are amounts that related to the Group's refinancing of its borrowings and amounts that related to professional advice received on business restructuring activities that occurred during the year.

2. Acquisition related costs comprise of legal and professional fees incurred on potential acquisitions.

3. Restructuring costs relate to amounts incurred to transform business operations including people-related costs such as severance pay, recruitment fees and incremental staff costs.

4. Other non-underlying expenses include losses arising following a detailed review by management on the assumptions supporting certain balance sheet estimates. Other non-underlying expenses include amounts relating to taxation related matters that are one-off in nature or not reflective of the underlying performance of the Group.

Non-underlying expenses is an alternative performance measure used by the management to assess the underlying financial performance of the Group. Further details of non-underlying expenses are provided in note 1.20.

4 Revenue

In the following table, revenue is disaggregated by primary geographical markets, major products / service lines and timing of revenue recognition.

	2019 £'000	2018 £'000
Primary geographical markets:		
United Kingdom	99,811	83,555
Other EU member states	59,615	51,065
	159,426	134,620
Major products / service lines and revenue recognition:		
Security services - over time	80,689	70,732
Glazing, doors and locks related services – point in time	43,410	33,360
Guardians - over time	9,091	6,205
Grounds related services – principally over time	17,615	17,351
Other – principally point in time	8,621	6,972
	159,426	134,620
Revenue recognition		
Over time	107,395	94,288
Point in time	52,031	40,332
	159,426	134,620

	2019 £'000	2018 £'000
Contract assets and liabilities		
Trade receivables	24,912	25,535
Contract assets	2,677	3,506
Contract liabilities	(2,521)	(515)

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	2019 £'000
Contract liabilities	
Revenue recognised that was included in the contract liability balance at the beginning of the period	887
Increases due to cash received, excluding amounts recognised as revenue during the period	(2,152)
Contract assets	
Transfers from contract assets recognised at the beginning of the period to receivables	(3,115)
Increases as a result of changes in the measure of progress	3,467
Impairment of contract assets	(25)

4 Revenue **(Continued)**

Contract assets primarily relate to the Group's rights to consideration for work completed but not invoiced at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities primarily relate to the advance consideration received from customers for goods and services. For services, contract liabilities relate to advance consideration for services, including security services, which are generally fulfilled evenly over time.

No information is provided about remaining performance obligations that have an original expected duration of one year or less, as allowed by IFRS 15.

5 Operating loss

	2019 £'000	2018 £'000
Operating loss for the year is stated after charging/(crediting):		
Amortisation of intangible assets	10,180	10,870
Impairment of intangibles assets	737	17,146
Depreciation:		
- of owned property, plant and equipment	4,824	4,702
- of property, plant and equipment held under hire-purchase and finance leases	1,233	1,538
Loss / (profit) on disposal of property, plant and equipment	103	(204)
Operating lease rentals - plant and machinery	639	1,284
Operating lease rentals - vehicles	1,931	2,190
Auditors remuneration:		
- audit of these financial statements	14	9
- audit of subsidiary undertaking financial statements	302	234
Fees payable to the Company's auditor and its associates in respect of:		
- taxation compliance services	51	75
- other tax advisory services	30	37

Fees payable to the Company's auditor and its associates relates to services provided to the Group.

Impairment of intangible assets represents an impairment loss recognised against goodwill of £0.737 million (2018: £17.146 million) charged as a non-underlying expense (note 3).

6 Employees

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

	2019 Number	2018 Number
Operational	999	1,038
Administration, sales and marketing	721	661
	1,720	1,699

6 Employees **(Continued)**

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	54,560	51,281
Social security costs	7,924	7,968
Pension costs	2,031	1,565
	64,515	60,814

7 Finance costs

	2019 £'000	2018 £'000
Loss on interest rate swaps measured at fair value	-	(25)
Total interest expense on financial liabilities measured at amortised cost	(5,255)	(6,069)
Interest on loan notes	(4,059)	(7,455)
Finance lease interest	(117)	(91)
Total finance costs	(9,431)	(13,640)

8 Other gains and losses

	2019 £'000	2018 £'000
Amounts written back to non-current loans	37,320	-
Loss incurred relating to disposal group	(899)	-
	36,421	-

During the year the Group completed on a refinancing exercise in which the Group's lenders agreed to reduce and restructure the senior debt of which £37.320 million was de-recognised and recognised in the income statement (further details are provided in note 19).

Loss incurred relating to disposal group relates to a loss recognised in measuring the assets and liabilities of Lotus Landscapes Limited at fair value less cost of disposal. Further details are provided in note 13.

9 Income tax expense

Recognised in the income statement

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current period	396	435
Deferred tax		
Origination and reversal of temporary differences	(1,828)	(1,585)
Changes in tax rates	-	(234)
	(1,828)	(1,819)
Total tax (credit)	(1,432)	(1,384)

Recognised in other comprehensive income

Deferred tax charge	(63)	173
Total	(63)	173

Reconciliation of effective tax rate

	2019 £'000	2018 £'000
Profit/(loss) before taxation	13,294	(41,353)
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	2,526	(7,857)
Effect of expenses not deductible in determining taxable profit	2,375	3,235
Income not taxable	(7,276)	-
Unutilised tax losses carried forward	-	229
Adjustment in respect of prior years	228	-
Effect of change in UK corporation tax rate	-	(234)
Other non-reversing timing differences	134	-
Deferred tax adjustments in respect of prior years	581	-
Non tax-deductible amortisation and impairment	-	3,258
R&D expenditure credit	-	(15)
Taxation credit for the year	(1,432)	(1,384)

The Group has approximately £39.3 million (2018: £37.4 million) of income 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 against which the deferred tax losses can be utilised.

9 Income tax expense **(Continued)**

Factors that may affect the future current and total tax charges.
The Finance Bill 2016 was substantively enacted on 6 September 2016 and included a reduction in the rate of corporation tax to 17% from 1 April 2020.

Deferred tax balances at 31 March 2018 have therefore been calculated at 17%, unless they are expected to unwind earlier than 1 April 2020, in which case the deferred tax balances have been calculated at the prevailing rate at the time the unwind is expected.

10 Property, plant and equipment

	Rental equipment	Motor vehicles	Plant and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 April 2017	61,801	10,444	16,775	89,020
Additions	3,778	2,863	795	7,436
Disposals	(10,586)	(1,434)	(274)	(12,294)
Foreign exchange movement	2,941	256	253	3,450
Balance at 31 March 2018	57,934	12,129	17,549	87,612
Additions	3,472	1,090	383	4,945
Disposals	(8,153)	(1,533)	(2,460)	(12,146)
Assets held for sale by disposal group	-	(1,117)	(523)	(1,640)
Foreign exchange movement	(415)	(53)	(30)	(498)
Balance at 31 March 2019	52,838	10,516	14,919	78,273
Accumulated depreciation and impairment				
Balance at 1 April 2017	54,064	6,608	14,600	75,272
Depreciation charge for the year	3,178	2,019	1,043	6,240
Disposals	(10,262)	(988)	(81)	(11,331)
Foreign exchange movement	2,414	96	199	2,709
Balance at 31 March 2018	49,394	7,735	15,761	72,890
Depreciation charge for the year	3,269	1,866	922	6,057
Disposals	(7,157)	(1,288)	(2,335)	(10,780)
Assets held for sale by disposal group	-	(559)	(390)	(949)
Foreign exchange movement	(315)	(50)	(21)	(386)
Balance at 31 March 2019	45,191	7,704	13,937	66,832
Net book value				
At 31 March 2019	7,647	2,812	982	11,441
At 31 March 2018	8,540	4,394	1,788	14,722

Leased assets

Included within the net book value of plant and equipment and motor vehicles are £2.788 million (2018: £3.577 million) relating to assets held under finance leases. The lease obligations are secured over the respective lease asset.

11 Intangible assets

	Goodwill	Customers and marketing	Technology	Other	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 April 2017	113,280	90,024	6,012	7,298	216,614
Other additions - externally purchased	-	-	-	468	468
Disposals	-	-	-	(176)	(176)
Foreign exchange movement	236	1,102	7	(33)	1,312
Balance at 31 March 2018	113,516	91,126	6,019	7,557	218,218
Other additions - externally purchased	-	-	-	398	398
Foreign exchange movement	(37)	(736)	(5)	(25)	(803)
Balance at 31 March 2019	113,479	90,390	6,014	7,930	217,813
Amortisation and impairment					
Balance at 1 April 2017	75,648	29,226	2,732	5,502	113,108
Charge for the year	-	9,405	971	494	10,870
Impairment loss	17,146	-	-	-	17,146
Foreign exchange movement	-	242	1	(25)	218
Balance at 31 March 2018	92,794	38,873	3,704	5,971	141,342
Charge for the year	-	8,730	971	479	10,180
Impairment loss	737	-	-	-	737
Foreign exchange movement	-	(367)	(3)	(53)	(423)
Balance at 31 March 2019	93,531	47,236	4,672	6,397	151,836
Net book value					
At 31 March 2019	19,948	43,154	1,342	1,533	65,977
At 31 March 2018	20,722	52,253	2,315	1,586	76,876

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

Amortisation is recognised in administrative expenses in the income statement.

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

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

11 Intangible assets **(Continued)**

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

Goodwill acquired in business combinations has been allocated to cash generating units ("CGUs") as follows:

	2019	2018
	£'000	£'000
VPS (UK) Limited	9,650	9,650
VPSitex SAS	3,413	3,342
Netherlands	3,286	3,356
Redfields Landscaping & Design Limited	977	1,714
Prodomo SAS	1,791	1,829
Evander Glazing & Locks Limited	831	831
	19,948	20,722

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

VPS (UK) Limited	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	9%	12%

VPSitex SAS	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	10%	12%

Netherlands	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	11%	12%

Site Security	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	9%	12%

Redfields Landscaping and Design	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	9%	12%

11 Intangible assets **(Continued)**

Prodomo SAS	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	10%	12%

Evander Glazing and Locks	**2019**	**2018**
Period on which management-approved forecasts are based	5 Years	5 years
Growth rate applied from year 5	2.50%	1.00%
Pre-tax discount rate	9%	12%

Discount rates are based on the historical cost of capital data for similar entities, with a debt leveraging of an average market participant of 25%. The discount rate has been calculated for the Group as a whole and adjusted for the additional risk premium of the individual CGUs based on their relative risk and return characteristics. The reduction in the discount rate from 2018 reflects the impact of lower debt interest rates in the renewed debt facility.

Cash flow projections have been based on budgeted Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") projections adjusted for projected capital expenditure ("capex") net of lease funding and repayments. Budgeted EBITDA projections have been derived based on expectations of future outcomes taking into account past experience, adjusted for revenue growth.

Cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that an average market participant would make.

The cash flow projections for each CGU have been prepared on a prudent basis. Were growth rates to be below those modelled in capex driven CGUs (VPS UK, Site Security VPSitex SAS or Prodomo SAS) the business could reduce capex and this typically offsets the cash flow impact from a reduction in EBITDA so that cash flows overall remain consistent with projections.

For Service CGUs (Redfields Landscaping & Design and Evander), there is limited scope to offset lower growth with a reduction in capex, as capex in these CGUs is typically low. However, the multi-year, tendered, predictable nature of the contractual revenue streams of both businesses means that the probability of growth rates not being met is lower.

The recoverable amount for the impairment testing has been estimated on a value in use basis for a range of sensitised trading scenarios. On a total Group basis the impairment testing for the year ended 31 March 2019 indicates that the recoverable amount of goodwill and intangible assets exceeds the carrying amount. The recoverable amount is consistent with prior year and the carrying amount has reduced in the year due to amortisation of intangible assets, creating additional headroom. On an individual CGU basis, the discounted cash flow projections of the Redfields CGU have reduced due to the exclusion of the Lotus business which was disposed in May 19. This has reduced the recoverable amount of this CGU and required and an impairment loss of £0.737 million to be recorded to align the carrying value to the recoverable amount.

Impairment calculations are sensitive to changes in the discount rate and growth rate assumptions. An increase of 1% in the discount rate, with all other assumptions held constant, would give rise to an additional impairment charge of £2.38 million. An decrease of 1% in the growth rate, with all other assumptions held constant, would give rise to an additional impairment charge of £2.05 million.

12 Subsidiaries

The Group has the following investments in subsidiary undertakings:

Name of undertaking	Country of incorporation	Class of shares held	Ownership
Tyrion Security Debtco Limited (1)	England and Wales	Ordinary	100%
Tyrion Security Bidco Limited	England and Wales	Ordinary	100%
VPS Holdings Limited	England and Wales	Ordinary	100%
Vacant Property Security Limited	England and Wales	Ordinary	100%
Quatro Electronics Holdings Limited	England and Wales	Ordinary	100%
Quatro Electronics Limited	England and Wales	Ordinary	100%
VPS (UK) Limited	England and Wales	Ordinary	100%
VPSitex NI Limited	England and Wales	Ordinary	100%
VPS Site Security Limited	England and Wales	Ordinary	100%
Redfields Landscaping & Design Limited	England and Wales	Ordinary	100%
Lotus Landscapes Limited (2)	England and Wales	Ordinary	100%
Evander Glazing and Locks Limited	England and Wales	Ordinary	100%
Highway Windscreens (UK) Limited	England and Wales	Ordinary	100%
VPSitex Holdings Netherlands B.V.	Netherlands	Ordinary	100%
FMT Beheer B.V.	Netherlands	Ordinary	100%
VPSitex Holdings France SAS	France	Ordinary	100%
Prodomo SAS	France	Ordinary	100%
VPSitex SAS	France	Ordinary	100%
VPSitex Espana S.L.U.	Spain	Ordinary	100%
VPSitex Deutschland GmbH	Germany	Ordinary	100%
VPSitex Ireland Limited	Ireland	Ordinary	100%
VPSitex Italia S.R.L.	Italy	Ordinary	100%
VPS Résidents Temporaires SAS	France	Ordinary	100%
Tyrion Security Midco Limited	England and Wales	Ordinary	100%

The registered address for:
Companies incorporated in England and Wales - Third Floor International Buildings, 71 Kingsway, London, WC2B 6ST, United Kingdom
Companies incorporated in Italy - Via Magenta 35, 10128 Torino, Italy
Companies incorporated in Germany - VPSitex Deutschland GmbH, Darwinstraße 17, 10589 Berlin, Germany
Companies incorporated in Ireland - 2 Seapoint Avenue, Blackrock, Co. Dublin, Ireland
Companies incorporated in the Netherlands - Dr Kuyperstraat 9, 2514 BA Den Haag, Netherlands
Companies incorporated in France - 8 Rue Bernard Buffet, 75017, Paris, France
Companies incorporated in Spain - C/ Albert Einstein, 2, 08940 Cornellà de Llobregat, Barcelona, Spain

The Group did not make any acquisitions in the year.

(1) Directly held
(2) The Group completed the sale of Lotus Landscapes Limited in May 2019. The sale of the subsidiary was actively negotiated at the balance sheet date.

13 Disposal Group

In May 2019, the Group completed the sale of Lotus Landscapes Limited ("Lotus"); a subsidiary of the Group that engaged principally in grounds maintenance and landscaping services. The sale of the subsidiary was being actively negotiated at the balance sheet date.

The operations of Lotus Landscapes Limited were not a separate major line of business or geographical area of operations of the Group.

The assets and liabilities of the subsidiary are stated at fair value less costs to sell and are included in the Group consolidated balance sheet with within their respective asset and liability categories. The assets and liabilities comprised of the following:

	2019
	£'000
Trade receivables	624
Cash and bank balances	647
Total assets classified as held for sale	1,271
Trade payables	(83)
Other payables	(278)
Amounts owed to fellow group undertakings	(1,228)
Finance lease liabilities	(496)
Total liabilities classified as held for sale	(2,085)

14 Deferred tax assets and liabilities

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

	Assets 2019 £'000	Liabilities 2019 £'000	Assets 2018 £'000	Liabilities 2018 £'000
Net tax liabilities	-	6,962	-	9,088
	-	6,962	-	9,088

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

Movements in deferred tax assets / liabilities during the year:

	At 1 April 2018 £'000	Assets written off £'000	Liabilities amortised £'000	Foreign exchange movements £'000	Other £'000	At 31 March 2019 £'000
Net tax liabilities	(9,088)	-	1,650	63	413	(6,962)
	(9,088)	-	1,650	63	413	(6,962)

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

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

15 Inventories

	2019 £'000	2018 £'000
Inventory	1,739	1,877

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £11.273 million (2018: £9.027 million).

16 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	23,931	25,535
Prepayments	3,144	2,438
Other debtors	1,918	7,971
	28,993	35,944

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

17 Trade and other payables

	2019 £'000	2018 £'000
Current:		
Trade payables	11,270	10,726
Non-trade payables and accrued expenses	25,438	25,395
Corporation tax	814	138
	37,522	36,259
Non-current:		
Shareholder loan notes	15,739	62,835
Interest payable on shareholder loan notes	-	5,289
Other	2,909	4,160
	18,648	72,284

The shareholder loan notes accrue interest at an effective rate of 8% per annum (2018: 12%) and are capitalised every six months. Capital and interest are repayable on maturity on 18 July 2022.

18 Financial instruments

The Group has adopted IFRS 9 *Financial Instruments* for the preparation of the financial statement of the Group for the first time. The effect of initially applying IFRS 9 is described in note 27. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements

The Group holds and uses financial instruments to finance its operations and to manage its interest rate, foreign exchange 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.

Financial assets and liabilities

The financial assets and liabilities held by the Group are as follows:

	2019		2018	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	£'000	£'000	£'000	£'000
Trade and other receivables including contact assets*	27,515	-	33,506	-
Cash	18,024	-	4,898	-
Secured bank borrowings	-	63,069	-	99,453
Other loan	-	-	-	1,329
Finance lease liabilities	-	2,501	-	3,254
Trade and other payables	-	35,767	-	36,636
Shareholder loan notes	-	15,739	-	62,835
	45,539	117,076	38,404	203,507

*This excludes prepayments and any VAT recoverable

At the reporting dates, the carrying amount of the Group's financial assets and liabilities are measured at amortised cost which is a reasonable approximation of fair value.

18 Financial instruments **(Continued)**

Risk management

The main risks arising from the Group's financial instruments are credit, liquidity, currency and interest rate risk. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities

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, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

No collateral is held as security in respect of amounts outstanding, however in a number of instances deposits may be held against the value of security equipment provided. A deposit equal to one month of customer licence fee is also collected from all Guardians.

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.

Trade receivables and contract assets
Credit risk for trade receivables and contract assets net of impairment allowances by geographic region was as follows. The comparative amounts for 2018 are net of credit loss allowances measured under IAS 39.

	2019 £'000	2018 £'000
Contract assets		
United Kingdom	1,158	1,317
Other EU member states	1,519	2,189
	2,677	3,506
Trade receivables		
United Kingdom	11,555	12,274
Other EU member states	12,376	13,261
	23,931	25,535

18 Financial Instruments **(Continued)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2019.

	2019 £'000	2018 £'000
Not past due	17,763	17,695
Past due 0-90 days	5,162	4,664
Past due 90-180 days	616	1,686
Past due 180+ days	390	1,490
	23,931	25,535

The Group uses an allowance matrix to measure the ECL of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk, using data from on the Group's historical experience of credit losses from up to 15 months from the date credit loss rates are being determined

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. The comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019 £'000	2018 £'000
At 1 April 2018 under IAS 39	3,135	4,979
Adjustment on initial application of IFRS 9	3,244	-
At 1 April 2018 under IFRS 9	6,379	4,979
Amounts written off	(629)	759
Net remeasurement of loss allowance	1,837	(2,603)
At 31 March 2019	7,587	3,135

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 sufficient headroom on financial covenants.

The Group monitors available borrowing 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.

Foreign exchange risk

The Group is exposed to foreign exchange risk on transactions denominated in Euros through its European subsidiaries. The Group manage its foreign exchange risk by matching the currency of its borrowings in line with the net cash flow generated in Sterling and Euro and then seeks to minimise the amount of net Euro cash flow used to settle Sterling liabilities.

Interest rate risk

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

The Group's policy is to review regularly the terms of its borrowing facilities, and to assess and manage interest rate risk relating to long-term borrowing commitments. The Group's risk management policies include the use of derivative instruments.

Sensitivity analysis

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

At 31 March 2019 it is estimated that after applying the Group's risk management policies, a general increase of one percentage point in interest rates would have increased the Group's loss before tax by approximately £0.67 million (2018: £0.68 million) assuming all other variables are equal.

At 31 March 2019 the Group's assets and liabilities denominated in Euros was a in aggregate a net liability of €11.1 million (2018: net liability of €15.1 million). It is estimated that after applying the Group's risk management policies, a general weakening/strengthening of the Euro exchange rate to the British Pound Sterling would have decreased/increased the Group's loss before tax by approximately £0.11 million (2018: £0.15 million) assuming all other variables are equal.

Financial liabilities – analysis of maturity dates

At 31 March 2019 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:

18 Financial Instruments **(Continued)**

	Trade and other payables* £'000	Other loans £'000	Secured bank borrowings £'000	Finance lease obligations £'000	Total £'000
31 March 2019					
Carrying value	53,131	-	63,069	2,501	118,701
Contractual cash flows:					
Less than one year	34,761	-	2,419	961	38,141
One to two years	567	-	11,080	738	12,385
Two to five years	89,588	-	61,312	1,079	151,979
Over five years	-	-	-	-	-
	124,916	-	74,811	2,778	202,505
31 March 2018					
Carrying value	104,022	1,329	99,453	3,254	208,058
Contractual cash flows:					
Less than one year	33,147	1,403	8,734	1,637	44,921
One to two years	139	-	7,984	781	8,904
Two to five years	90,859	-	95,732	1,177	187,768
Over five years	676	-	-	-	676
	124,821	1,403	112,450	3,595	242,269

19 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, other than interest bearing balances with the parent undertaking, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 18.

	2019 £'000	2018 £'000
Non-current liabilities		
Bank loans	63,069	96,447
Finance lease liabilities	1,629	1,780
	64,698	98,227
Current liabilities		
Bank loans	-	3,006
Finance lease liabilities	872	1,474
Other loans	-	1,329
	872	5,809

19 Interest-bearing loans and borrowings **(Continued)**

During the year the Group completed on a refinancing exercise to put in place a new funding structure with its existing consortium of banks.

In August 2018, under the new arrangement, the Group's lenders agreed to reduce and restructure the senior debt from £103.3 million to £65.1 million comprised of Senior Debt of £50.1 million and £15 million held as mezzanine lender debt.

The Senior Debt comprised of term loans and a Revolving Credit Facility as detailed below:

As at 31 March 2019:

Type	Interest rate	Facility amount £'000	Original facility date	Maturity date
Senior Debt – EUR	LIBOR + 4.28%	32,897	Jul 2014	Jul 2022
Senior Debt – GBP	LIBOR + 4.28%	15,048	Jul 2014	Jul 2022
Mezzanine Debt - EUR	8%	15,124	Jul 2014	Jul 2022

The Senior Debt facilities are repayable in instalments over the period from September 2020 to the facilities' maturity date in July 2022. The percentages repayable are as follows:

30 September 2020	-	2.550%
31 March 2012	-	2.546%
30 September 2021	-	4.069%
31 March 2022	-	4.063%
At Maturity Date	-	86.772%

The Mezzanine Debt is repayable on maturity in July 2022.

At 31 March 2019 all facilities were fully drawn down. The Group also has a Revolving Credit Facility of £1 million of which £0.2 million was drawn down.

All borrowings are secured against the assets of the Group's companies.

As at 31 March 2018:

Type	Interest rate	Facility amount £'000	Original facility date	Maturity date
Senior Debt A – EUR	EURBOR + 4.00%	5,269	Jul 2014	Jul 2021
Senior Debt B – EUR	EURIBOR + 4.50%	21,819	Jul 2014	Jul 2021
Senior CAPEX Debt – EUR	EURIBOR + 4.00%	19,765	Jul 2014	Jul 2021
Senior Debt A – GBP	LIBOR + 4.83%	7,732	Jul 2014	Jul 2021
Senior Debt B – GBP	LIBOR + 5.33%	32,298	Jul 2014	Jul 2021
Senior CAPEX Debt – GBP	LIBOR + 4.83%	7,940	Jul 2014	Jul 2021

At 31 March 2018 all facilities were fully drawn down. The Group also had a Revolving Credit Facility of £5 million of which £4.63 million was drawn down.

All borrowings are secured against the assets of the Group's companies.

19 Interest-bearing loans and borrowings **(Continued)**

	Future interest payments 2019 £'000	Future capital payments 2019 £'000	Amortised cost 2019 £'000	Future interest payments 2018 £'000	Future capital payments 2018 £'000	Amortised cost 2018 £'000
At 31 March		63,069	63,069		97,913	94,823
Settle in year 1	2,419	-	(1,135)	4,615	4,118	3,182
Settle in year 2	2,392	2,443	1,216	4,429	3,555	2,622
Settle in years 3 to 5	3,002	64,554	62,988	5,492	90,240	89,019
	7,813	66,997	63,069	14,536	97,913	94,823

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2019 £'000	Interest 2019 £'000	Principal 2019 £'000	Minimum lease payments 2018 £'000	Interest 2018 £'000	Principal 2018 £'000
Less than 1 year	961	84	877	1,637	144	1,493
Between 1 and 2 years	738	71	667	781	81	700
Between 2 and 5 years	1,079	122	957	117	116	1,061
	2,778	277	2,501	2,535	341	3,254

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 £2.031 million (2018: £1.565 million).

Share-based payments

During the year Company issued new voting and non-voting shares at below fair value to certain members of key management throughout the Group, in exchange for loan notes that they already hold. A share-based payment expense of £nil (2018: £nil) has been recognised in the income statement for the year ending 31 March 2019.

21 Provisions

	Property	Other - Taxation	Other	Total provisions
	£'000	£'000	£'000	£'000
Balance at 1 April 2017	1,653	1,222	677	3,552
Provision release	(15)	(1,149)	-	(1,164)
Provision utilised	(182)	(57)	(223)	(462)
Balance at 31 March 2018	1,456	16	454	1,926
Provision created	-	1,491	92	1,583
Provision utilised	(94)	(16)	(147)	(257)
Balance at 31 March 2019	1,362	1,491	399	3,252
Current	-	1,491	-	1,491
Non-current	1,362	-	399	1,761

Property
The Group has provisions for both onerous lease obligations and dilapidation expenditure included under "Property" in the above table. The provisions are expected to conclude at the end of the respective leases ranging from 2021 to 2028. The liability for onerous leases is calculated based on lease obligations to the earlier of the break in the lease agreement or the termination date, which may vary where properties are redeployed or where the terms of leases are renegotiated. Dilapidations are by their nature subjective and are calculated using industry standard financial metrics per square foot estimate.

Details of the Group's lease commitments are provided in note 23 to these financial statements.

Other-Taxation
At 1 April 2017, the Group maintained a provision of £1.222 million that related to liabilities resulting from a taxation related enquiry by the HMRC. The enquiry has since been concluded and resulted in a liability of £0.073 million, which has been settled. The unrequired provision amount of £1.149 million was released to the income statement in the prior reporting year.

At the balance sheet date, included within "Other-Taxation" is a provision of £1.491 million relating to other taxation matters identified by the Group following a review. The Group has estimated the liabilities based on a range of possible likely outcome.

Other
Provisions included within "Other" are amounts relating to restoring costs of leased vehicles and contract rebates.

22 Share capital and reserves

	Issue price per share	A Ord. Shares of £0.01 each	Voting Ord. Shares of £0.08 each	Non-Voting Ord. Shares of £0.01 each	Deferred Shares of £0.01 each	Voting Ord. Shares of £0.01 each	Non-Voting Ord. Shares of £0.01 each
Allotted, called up and fully paid:	**£**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
At 1 April 2018		889,550	127,282	47,991	33,588,379	-	-
A Ordinary Shares	200,000	100	-	-	-	-	-
Subdivision and redesignation of Voting and Non-Voting Ordinary Shares as Deferred Shares	0.0001	-	(127,282)	(47,991)	106,624,700	-	-
Creation and issue of new class of Voting and Non-Voting Ordinary Shares	0.01	-	-	-	-	55,357	27,677
At 31 March 2019		889,650	-	-	140,213,079	55,357	27,677

		Share Capital £	Share Premium £
	At 1 April 2018	22,874	1,545,412
17/08/2018	A Ordinary Shares	1	19,999,999
07/02/2019	Subdivision and redesignation of Voting and Non-Voting Ordinary Shares as Deferred Shares	-	-
07/02/2019	Creation and issue of new class of Voting and Non-Voting Ordinary Shares	830	-
	At 31 March 2019	23,706	21,545,411

(Continued)

22 Share capital and reserves

Classes of share capital

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

On a return of capital, the surplus assets of the Company remaining after the payment of liabilities and all other sums payable in priority will be applied as follows: (i) the first £1,000,000,000 amongst the holders of the A Ordinary Shares, Non-Voting Ordinary Shares and Voting Ordinary Shares in accordance with each shareholder's Individual Payment, and (ii) second, each holder of the Deferred Shares will be entitled to receive an amount equal to £1 in aggregate for all Deferred Shares held by such shareholder, (iii) third, any balance of such assets will be distributed in the same manner as under (i) above. Individual Payment is his pro rata proportion of the total assets allocated to the relevant class of A Ordinary Shares, Voting Ordinary Shares or Non-Voting Ordinary Shares in accordance with the Articles. Such amount will depend on whether the Investor receives certain hurdles in respect of its holding of A Ordinary Shares on such return of capital, as set out in the Articles.

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

Translation reserve

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

Other reserves

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

During the year, following a restructure of the Group's borrowing facilities, loans of £50.718 million due to PAI Partners SAS were converted to equity in the form of a capital contribution.

23 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2019 £'000	2018 £'000
Within one year	2,453	3,148
Between two and five years	5,039	5,203
In over five years	2,032	2,027
	9,524	10,378

The Group leases a number of warehouse and factory facilities under operating leases. Land and buildings have been considered separately for lease classification.

Details of lease rental expense is provided in note 5 to these financial statements.

24 Related party transactions

Key management personnel compensation
The directors are the key management personnel of the Group.

	2019 £'000	2018 £'000
Directors' remuneration	1,167	1,055
Company pension contributions to defined contribution schemes	28	14
	1,195	1,069

The highest paid director received remuneration of £551,101 (2018: £681,136). No contributions were paid to money purchase pension plans for the highest paid director.

Identity of related parties with which the Group has transacted

PAI Partners SAS is considered to be a related party by virtue of its control of the parent company, Targaryen Security 1 Sarl. During the year PAI Partners SAS invested £15m of new cash held as PAI mezzanine debt maturing in July 2022 with a coupon rate of 8%. In exchange for previously held loan notes and rolled up interest totalling £71.2m, PAI also subscribed for 100 A ordinary shares of £0.01 each at a total subscription price of £20m and made a capital contribution of £50.7m. In addition, a monitoring fee is charged by PAI Partners SAS, and accrued by the Group, of £25,000 per month, at the year end a total of £1.4 million was outstanding.

Transactions with the ultimate parent company

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

25 Controlling party

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

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.

26 Events after the reporting date

In May 2019, the Group completed the sale of Lotus Landscapes Limited; a subsidiary of the Group that engaged principally in grounds maintenance and landscaping services.

Further details on the sale of Lotus Landscapes Limited are provided in note 13 to these financial statements.

27 Impact of changes in accounting policy

The Group has adopted IFRS 9 Financial Instruments and IFRS 15 *Revenue from Contracts with Customers* for the first time in preparing its financial statements for the annual reporting period commencing on 1 April 2018. The Group has revised its accounting policies and methodologies, and made certain retrospective adjustments following the adoption of these standards and, which are detailed below.

Impact on the financial statements

As explained below, IFRS 9 and IFRS 15 were adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 March 2018, but are recognised in the opening balance sheet on 1 April 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

27 Impact of changes in accounting policy **(Continued)**

Consolidated income statement and statement of comprehensive income

	2019 as reported £'000	Adoption of IFRS 9 £'000	Adoption of IFRS 15 £'000	Balances without IFRS 9 & 15 £'000
Revenue	159,426	-	1,834	157,592
Cost of sales	(96,205)	-	(1,598)	(94,607)
Gross profit	63,221	-	236	62,985
Administrative expenses	(64,940)	782	-	(65,722)
Net impairment loss on trade receivables and contract assets	(719)	(719)	-	-
Non-recurring expenses	(11,258)	-	-	(11,258)
Total administrative expenses	(76,917)	63	-	(76,980)
Operating loss	(13,696)	63	236	(13,995)
Finance costs	(6,159)	-	-	(6,159)
Other gains and losses	33,149	-	-	33,149
Profit/(loss) before taxation	13,294	63	236	12,995
Taxation	1,432	-	-	1,432
Loss from continuing operations	14,726	63	236	14,427
Loss for the year	14,726	63	236	14,427
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Actuarial loss	8	-	-	8
Foreign exchange reserve movement	(571)	-	-	(571)
Total comprehensive loss for the year	14,163	63	236	13,864

27 Impact of changes in accounting policy **(Continued)**

Consolidated balance sheet

	2019 as reported £'000	Adoption of IFRS 9 £'000	Adoption of IFRS 15 £'000	Balances without IFRS 9 & 15 £'000
Non-current assets				
Property, plant and equipment	11,441	-	-	11,441
Intangible assets	65,977	-	-	65,977
	77,418	-	-	77,418
Current assets				
Inventories	1,739	-	-	1,739
Contract assets	2,677	(1,156)	-	3,833
Trade and other receivables	28,993	(2,025)	-	31,018
Cash and cash equivalents	18,024	-	-	18,024
	51,433	(3,181)	-	54,614
Total assets	128,851	(3,181)	-	132,032
Current liabilities				
Interest-bearing loans	(872)	-	-	(872)
Trade and other payables	(39,013)	-	-	(39,013)
Contract liabilities	(2,521)	-	(741)	(1,780)
Provisions	-	-	-	-
Deferred tax liability	(789)	-	-	(789)
	(43,195)	-	(741)	(42,454)
Total assets less current liabilities	85,656	(3,181)	(741)	89,578
Equity attributable to equity holders of the parent				
Share capital	24	-	-	24
Share premium	21,545	-	-	21,545
Other reserves	152,508	-	-	152,508
Retained earnings	(193,864)	(3,244)	(977)	(189,643)
Profit for the year	14,163	63	236	13,864
Total equity	(5,624)	(3,181)	(741)	(1,702)
Non-current liabilities				
Interest-bearing loans	64,698	-	-	64,698
Trade and other payables	18,648	-	-	18,648
Provisions	1,761	-	-	1,761
Deferred tax liabilities	6,173	-	-	6,173
	91,280	-	-	91,280
Total equity plus non-current liabilities	85,656	(3,181)	(741)	89,578

27 Impact of changes in accounting policy (Continued)

IFRS 9 Financial Instruments

The adoption of IFRS 9 changed the classification, measurement methods and carry amount of financial assets and financial liabilities at the date of initial application (1 April 2018). The impact of the changes are summarised below:

		Original classification under IAS 39	New classification under IFRS 9	Carrying amount under IAS 39 £'000	Carrying amount under IFRS 9 £'000
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	30,256	27,902
Cash and cash equivalents	(b)	Loans and receivables	Amortised cost	4,898	4,898
				35,154	32,800
Impact of reclassification					-
Impact of remeasurement	(a)				(3,244)

				£'000	£'000
Financial liabilities					
Secured bank borrowings		Amortised cost	Amortised cost	99,453	99,453
Other loans		Amortised cost	Amortised cost	1,329	1,329
Finance lease liabilities		Amortised cost	Amortised cost	3,254	3,254
Trade and other payables		Amortised cost	Amortised cost	35,154	35,154
Shareholder loan notes		Amortised cost	Amortised cost	62,835	62,835
				202,025	202,025
Impact of reclassification					-
Impact of remeasurement					-

a) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of £3.244 million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 April 2018 on transition to IFRS 9.

b) Cash and cash equivalent were classified as loans and receivables under IAS 39 are now classified at amortised cost. There was no impact on the carrying value on transition to IFRS 9.

27 Impact of changes in accounting policy **(Continued)**

Classification and measurement

The Group reviewed the measurement categories of financial assets and financial liabilities held as at the date of initial application, and classified the financial assets and liabilities under the measurement categories of the standard.

For financial assets, measurement categories are based on the business model under which an asset is held on the basis of the facts and circumstances at the initial application date and the cash flow characteristics on the basis of the facts and circumstances that existed at the initial recognition of the financial asset.

There was no impact on the carrying amount of financial assets and financial liabilities that resulted from the change to classification of financial assets and liabilities.

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results in an additional allowance of trade and other receivables of £3.244 million.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. Receivables for which an impairment provision was recognised were written off against the provision where there was no expectation of recovering additional cash.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for annual period ending 31 March 2018 does not reflect the requirements of IFRS 9, but rather those of IAS 39 and therefore is not comparable to the information presented as of 31 March 2019.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

27 Impact of changes in accounting policy **(Continued)**

If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The standard introduced a five-step approach to revenue recognition – identifying the contract; identifying the performance obligations in the contract; determining the transaction price; allocating that transaction price to the performance obligations; and finally recognising the revenue as those performance obligations are satisfied.

On transition to IFRS 15, the Group has applied the retrospective without using practical expedient, with the cumulative effect of initially applying this standard is recognised at the date of initial application (1 April 2018). Accordingly, the information presented for prior year has not been restated and continues to be reported under IAS 18. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The methodology adopted for recognising revenue under this standard was not materially different to that adopted by the Group under the previous standard, IAS 18 Revenue except for the timing of recognising certain revenues for a component of the Group's security services contracts.

At the initial application of IFRS 15, the Group recognised a deferred income liability of £0.977 million and has recognised this as an adjustment to retained earnings. The deferred income balance relates to the timing of revenue recognised on a security services contracts with indefinite contract terms.

On adoption of IFRS 15, the Group determined that it is a principal in some of its contracts for the provision of guaridianguardian services that it previsouslypreviously accounted for as an agent. The Group has included the transaction price of these contacts of £1.589 million within revenue for the annual period ended 31 March 2019 and reflected the adjustment in costs of sales.

TYRION SECURITY TOPCO LIMITED

COMPANY BALANCE SHEET
AT 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Non-current			
Investments	*30*	890	890
		890	890
Current assets			
Trade and other receivables	*31*	-	-
Amounts due from subsidiary undertakings	*31*	20,930	903
		20,930	903
Total assets		1,820	1,793
Current liabilities			
Trade and other payables	*32*	(5)	(5)
Amounts due to subsidiary undertakings	*32*	(112)	(86)
Total assets less current liabilities		21,703	1,702
Capital and reserves			
Share capital	*33*	24	23
Share premium		21,494	1,494
Other reserves		185	185
Total equity and long term liabilities		21,703	1,702

Parent Company Statement of Profit and Loss for the Year Ended 31 March 2019

No statement of profit and loss is presented for Tyrion Security Topco Limited as permitted under section 408 of the Companies Act 2006. The parent company's loss for the year ended 31 March 2019 is £nil (2018: £nil).

These financial statements were approved by the Board on 1 October 2019 and were signed on its behalf by:

R Jones
Director

Company registered number: 08922409

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

TYRION SECUIRTY TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Total equity
	£000	£000	£000	£000
Balance at 1 April 2017	12	1,267	185	1,464
Issue of shares	11	227	-	238
Balance at 31 March 2018	23	1,494	185	1,702
Issue of shares	1	20,000	-	20,001
Profit or loss	-	-	-	-
Balance at 31 March 2019	24	21,494	185	21,703

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

28 Accounting policies

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")* and the Companies Act 2006.

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

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

The following disclosure exemptions have been taken in these financial statements:

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

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

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements are those relating to assessing the carrying value of investments in, and loans made to, subsidiary undertakings for impairment loss.

29 Remuneration of directors

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

30 Fixed asset investments

	Shares in group undertakings £'000
Cost	
Balance at 1 April 2018 and 2019	890
At 31 March 2018 and 2019	**890**

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

31 Debtors

	2019 £'000	2018 £'000
Amounts owed by group undertakings	20,930	903
Other receivables	-	-
	20,930	903

32 Creditors

	2019 £'000	2018 £'000
Non-current:		
Amount due to immediate parent undertaking	112	86
Other payables	5	5
	117	91

Notes *(continued)*

33 Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	23	12
Share issue	1	11
	24	13

All shares in issue are classified as equity instruments.

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

34 Related party transactions

The Company has taken advantage of exemptions not to disclose transactions with entities wholly owned by the group headed by the Company.

35 New financial reporting requirements

The Company has adopted IFRS 9 *Financial Instruments* for the first time in preparing its financial statements for the annual reporting period commencing on 1 April 2018.

In preparing these financial statements, the Company started from an opening balance sheet as at 1 April 2018, the date of initial application of this standard and revised its accounting policies and methodologies. There were no adjustments made by the Company in restating the opening balance sheet at 1 April 2018.

Comparative information throughout these financial statements has not been restated.