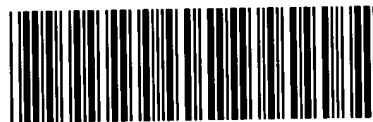


Company Registration No. 07706703

KINGS SOLUTIONS GROUP LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

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COMPANIES HOUSE

COMPANY INFORMATION

DIRECTORS

GPL Zeidler Chairman
RC Fisher
RD Forsyth
BA Stiefel

COMPANY SECRETARY

GA Kehoe

REGISTERED OFFICE

4 St Dunstons Technology Park
Ripley Street
Bradford
BD4 7HH

AUDITOR

RSM UK Audit LLP
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

BANKERS

Barclays Bank plc
2nd Floor
1 Park Row
Leeds
LS1 5AB

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2021

The Directors present the Strategic Report for the year ended 31 October 2021.

TRADING

The group's key financial and other performance indicators during the period were as follows:

	2021 £'000	2020 £'000
Turnover	39,408	31,410
Gross profit	7,178	5,285
Gross profit %	18.2%	16.8%
EBITDA*	450	269
EBITDA%	1.1%	0.9%

* Pre exceptional costs

The primary activities of the group are the installation and maintenance of CCTV and intruder alarm systems, and the provision of security guarding services, security monitoring services, specialist security consultancy services and related software and services. These activities were significantly disrupted by the COVID-19 pandemic which resulted in a series of national and local lockdowns. As a result of the disruption to trading caused by the COVID-19 pandemic the group furloughed almost 15% of the workforce during the 2021 lockdown (30% of the workforce during the first national lockdown in 2020), returning staff to work according to the business needs. Government grants of £448,000 (2020: £1,002,000) were claimed in respect of furlough payments to staff.

Turnover for the year ended 31 October 2021 was £39.4m which is 25% higher than the year ended 31 October 2020. Almost 60% of the growth was generated organically, with the remainder resulting from the acquisitions of Silver (UK) Limited ("Silver") and Cougar Monitoring Limited ("Cougar") in October 2020 and January 2021 respectively. The organic growth was derived from a number of new blue-chip contract wins which more than offset a continuing decline in our traditional high street retail business. We continue to reposition the business towards a more corporate client base, with traditional High Street retail now accounting for less than 20% of revenues.

The pandemic and related global supply chain issues, that have both restricted product availability and increased economic uncertainty, continued to affect installation revenues in particular and these were 25% lower than pre-COVID levels. In contrast the Security Personnel business has seen revenues grow by over 80%. We anticipate that installation revenues will recover in time. Gross profit percentage has seen further improvement to 18.2% in the year ended 31 October 2021 (2020: 16.8%).

Our employee numbers increased from an average of 438 in the year to 31 October 2020 to 570 during the year ended 31 October 2021 with the acquisitions of Silver and Cougar accounting for 64 of this increase. Turnover per employee reduced slightly to £69,137 (2020: £71,712) reflecting the change in sales mix toward Security Personnel.

The Group continues to focus on operating cash and cashflow management in order to drive operating profit with earnings before interest, taxation, depreciation and amortisation ("EBITDA") one of the key financial measures used by the Group to assess progress. During the year ended 31 October 2021 the Group generated EBITDA (pre exceptional costs) of £0.45m, a £0.2m improvement on last year despite a £0.55m reduction in furlough grant received.

Exceptional costs during the year of £0.6m consisted of £0.2m reorganisation costs relating to merging the trading activities of the Group's subsidiary UK Monitoring Ltd into Cougar and £0.4m legal and professional costs associated with a dispute by one of the Group's subsidiaries Kings Security Systems Limited ("KSSL") against former director A King which came to trial during the year. KSSL won both its claim in bribery and for breach of fiduciary duties and defeated Mr King's counterclaim alleging abuse of process. Mr King was unsuccessful in his application for permission to appeal. The judge ordered a payment on account of KSSL's costs in the sum of £1.0m, with a balance to be agreed or assessed. To date no payment has been made and these financial statements do not include the recognition of any amounts due to KSSL.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020**

The group has continued to invest in both its people and its systems in order to support the further growth in its operations, notwithstanding the continuing impact of COVID-19. Capital expenditure on intangible and tangible fixed assets during the year was £4.3m and substantially related to the acquisition of the entire share capital of Cougar Monitoring Limited, with consideration structured over an extended period. Cougar is a leading provider of monitoring services to commercial and domestic customers with a well-located Gold Standard operations centre in the Birmingham area. During the year the group has realised significant ongoing financial benefits from merging the trading activities of its subsidiary UK Monitoring Ltd into Cougar.

The group had net assets employed of £5.4m at 31 October 2021 (2020: £3.1m). The group has continued to be supported by its majority shareholder, as evidenced by the provision of £1.1m of additional loans during the year to enable the acquisition of Cougar and subsequent group restructuring and the provision of a £4m working capital facility, of which £1.5m had been drawn at the year end date.

Included within current liabilities is £2.1m relating to a redemption premium on the B Ordinary shares. This has been included within creditors due within one year in accordance with accounting standards, although the shares cannot be redeemed until the Company has sufficient distributable reserves. In the opinion of the Directors it is likely to be 15-20 years until the Company has sufficient distributable reserves to allow these shares to be redeemed. On this basis the Directors estimate the Net Present Value of the redemption to be approximately £0.5m which is substantially less than the £2.1m carrying value in the accounts.

PRINCIPAL RISKS

We consider that the principal risks faced by the Group going forward are as follows:

- **COVID-19:** During the two years ended 31 October 2020 and 31 October 2021, in common with most other UK businesses the group experienced a significant reduction in trading due to COVID-19 particularly with customers either delaying project installation plans or experiencing project delays due to supply issues on materials such as cement. The slow recovery of the UK economy and any future resurgence of the COVID virus provides an ongoing business risk, although this is partially offset by supplying critical services especially by the group's security personnel and CCTV/alarm monitoring divisions. Similarly, activities in the Group's recent investment Quidvis Limited is driven by legislation requirements rather than by economic cycles.
- Economic uncertainty caused by the war in Ukraine and inflationary cost price increases which has reduced capital investment by customers, most particularly in the high street retail market which has formed our historical core customer base, together with other sectors which have been financially weakened by the coronavirus lockdowns. This has also intensified competitive pressure in some service sectors which is causing a reduction in margins in traditional security systems activity. We seek to mitigate this through development of a more diverse base of customers in a targeted range of commercial sectors, together with innovation to respond to customers' changing requirements for cost-effective solutions, whilst continuing to deliver differentiated retail services and maintaining a tight control of costs. These steps have included investment in fire risk assessment business Quidvis Limited, commercialisation of new technology services such as DYMENSION, and partnerships such as that with Abode to address the Smart Home market.
- Ensuring we have the financial capacity to continue to invest in the infrastructure needed to deliver a high quality and innovative service to our customers despite financial challenges and to make the most of appropriate investment opportunities. The majority shareholder has continued to provide the support necessary to make appropriate investments that will improve our capabilities, service resilience and operational effectiveness.
- Shortage of qualified engineers in the industry leading to availability and cost risks. We have mitigated this through an increased focus on multi-skilled engineers together with an increased use of sub-contractors managed through improved quality control systems.

POST BALANCE SHEET EVENTS

On 29 November 2021 the Group acquired 80% of the share capital of Quidvis Limited, funded by a loan from the Group's ultimate parent undertaking, Primekings Holding Limited. Quidvis Limited is a Fire Risk Assessment and Risk Management business providing clients with a complete risk management solution and detailed audit trail of the risk management process via an online portal.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020****FUNDING POSITION AND FUTURE DEVELOPMENT**

During the year the Group received additional funding of £1.1m to enable the acquisition of Cougar and subsequent group restructuring and has signed a further £4.0m working capital facility with the major shareholder to enable future growth. The Directors consider that the Group has the support of the majority shareholder and has an adequate funding base available to meet future requirements.

The Directors consider that the Group is making good progress in challenging markets, and anticipates returning to operating profitability and being in a position to repay some of the loans it has received whilst continuing to pursue acquisitions and investments that can improve profitability through greater scale and accelerate the Group's development.

DIRECTORS' DUTIES

Section 172 of the Companies Act 2006 ("Section 172") sets out the general duty of a director to act in a way which promotes the long-term success of the group and in doing so consider the interests of the group's stakeholders.

The directors of the group have at all times acted in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its shareholders as a whole and in doing so have had regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the group's employees;
- the need to foster the group's business relationship with suppliers, customers and others;
- the impact of the group's operations on the community and the environment;
- the desirability of the group maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between shareholders of the group.

Engaging with stakeholders

The success of the business is dependant upon the support of all stakeholders. Building positive relationships with stakeholders that share the group's values and working together towards shared goals is vital in delivering long-term sustainable success.

Employees

The directors fully recognise the importance of the group's employees in contributing to the success of the business and aim to maximise their engagement through a number of initiatives, including:

- recognising and rewarding exceptional individual performances across the group through the monthly Kings Ambassador Recognition Scheme and other performance-related pay schemes,
- ensuring that the group's Information Technology infrastructure is continually reviewed and enhanced where necessary so that employees have the systems they need to perform their roles effectively,
- providing competitive remuneration packages with opportunities for additional remuneration through performance,
- encouraging employees to take part in the group's local charity work,
- regular communication with employees through employee forums and roadshows including updates on group performance and strategy
- regular employee engagement surveys
- proactively checking employees' wellbeing and promoting an anti-bullying environment
- promoting gender diversity in the workplace through the *Women in Security* initiative

Customers

The group's customer-facing employees focus on providing high quality customer service, and this is reinforced through the group's Kings Ambassador scheme described above.

Suppliers

The directors recognise the role that the group's suppliers play in the timely delivery of goods and services, and as such the group aims to pay all suppliers on time and maintain an open and honest dialogue. During the COVID-19 pandemic the directors recognised the importance of maintaining timely payments, especially to smaller suppliers.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020**

Shareholders

The interests of all shareholders (including minority shareholders) are actively considered by the Board when making decisions and account is taken of the Company's obligations under the Subscription Agreement dated 20th December 2013. Communication in relation to the business is shared with shareholders (including minority shareholders) when the board considers it is in the best interests of the Company to do so.

SUSTAINABILITY

The Group is committed to promoting sustainability. Concern for the environment and promoting a broader sustainability agenda are integral to the Group's professional activities and the management of the organisation and the Directors are committed to promoting good sustainability practice, to reduce the environmental impacts of all our activities and to help our customers and partners to do the same.

The Group's Environmental Policy encompasses its commitment to Sustainability and is based upon the following principles:

- To comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice
- To integrate sustainability considerations into all our business decisions
- To ensure that all staff are fully aware of our Environmental Policy and are committed to implementing and improving it
- To minimise the impact on sustainability of all office and transportation activities
- To make all suppliers, contractors and partners aware of our Environmental Policy, and encourage them to adopt similar practices
- To review, annually report, and to continually strive to improve our environmental sustainability performance

STREAMLINED ENERGY AND CARBON REPORTING

In accordance with the UK government's "Environmental reporting guidelines, including Streamlined Energy and Carbon Reporting", the greenhouse gas ("GHG") emissions and energy use by the group for the year is as set out below.

	Year ended 31 October 2021	Year ended 31 October 2020
Total energy consumed (kWh):		
• From grid-supplied electricity (Scope 2)	860,000	749,000
• From combustion of gas (Scope 1)	91,000	20,000
• From transport activities (Scope 1)	4,557,000	4,931,000
	5,508,000	5,700,000
Total Scope 1&2 emissions (tCO _{2e})	903,000	953,000
Scope 1&2 emissions per £'000 turnover	22.9	30.4

Transport activities remain the largest single contributor to direct energy consumption by the group. Energy consumption and emissions from transport activities are calculated using government issued conversion factors based on vehicle mileage. In line with the Group's sustainability policy, the Group has introduced electric vehicles to the car fleet. Trials of electric light commercial vehicles are ongoing. Non-transport energy consumption has increased following the acquisitions of Silver and Cougar.

On behalf of the board



.....
G Zeidler (Chairman)
Director
Date: 15 July 2022

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 October 2021.

PRINCIPAL ACTIVITIES

The principal activity of the group continues to be that of the installation and maintenance of CCTV and intruder alarm systems, the provision of security guarding services, security monitoring services and specialist security consultancy services.

DIRECTORS

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

GPL Zeidler	(Chairman)
RC Fisher	
RD Forsyth	(Appointed 4 March 2021)
BA Stiefel	
EJ Shaw	(Resigned 17 November 2021)

RESULTS AND DIVIDENDS

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

FINANCIAL INSTRUMENTS***Financial risk management objectives and policies***

The principal financial instruments of the business comprise bank balances, trade debtors, trade creditors, loans to the business and hire purchase agreements. The main purpose of these instruments is to finance the operations of the business.

Liquidity risk

Liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of short term loans, shareholder support and improved cash collection by reducing the standard payment terms in our sales contracts. Long term cash flow forecasts are produced regularly and presented to the board on a weekly basis together with other supporting information. This gives the board long term sight of peaks and troughs in cash availability and likely headroom in our various facilities. This allows decisions to be made in advance regarding funding to ensure liquidity is maintained.

Credit risk

The group's exposure to credit risk is mitigated through its diverse customer base with no single customer representation more than 15% of the turnover of the group. The diversification of the group's customer base to include food, banking and postal sectors has reduced the reliance on retail sector and also reduced credit risk.

RESEARCH AND DEVELOPMENT

The group continues to undertake research and development activities focused on software development within the security industry.

DIRECTORS' REPORT (CONTINUED)

DISABLED PERSONS

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, 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 to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

MATTERS OF STRATEGIC IMPORTANCE

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report, it has done so in relation to future developments.

POST BALANCE SHEET EVENTS

Details of post balance sheet events can be found at Note 31 to the financial statements.

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 of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

GOING CONCERN

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing the financial statements which show the group being able to operate within its agreed facilities. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



.....
G Zeidler (Chairman)

Director

Date: 15 July 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF KINGS SOLUTIONS GROUP LIMITED**

OPINION

We have audited the financial statements of Kings Solutions Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF KINGS SOLUTIONS GROUP LIMITED (CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING
IRREGULARITIES, INCLUDING FRAUD**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF KINGS SOLUTIONS GROUP LIMITED (CONTINUED)**

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and the risk of fraud in revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed regarding the risk of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed regarding the risk of fraud in revenue recognition included but were not limited to checking that sales were recorded in the correct period with reference to sales transactions recorded around the year end.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

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



Michael Thornton (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

18/7/2022

KINGS SOLUTIONS GROUP LIMITED

Company Registration No. 07706703

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2021

	Note	2021 £'000	2020 £'000
TURNOVER	3	39,408	31,410
Cost of sales		<u>(32,230)</u>	<u>(26,125)</u>
GROSS PROFIT		7,178	5,285
Exceptional items	4	(579)	(1,571)
Other administrative expenses		<u>(8,353)</u>	<u>(6,773)</u>
Administrative expenses		(8,932)	(8,344)
Other operating income – furlough grants received	7	<u>456</u>	<u>1,002</u>
OPERATING LOSS	7	(1,298)	(2,057)
Interest payable and similar expenses	9	(491)	(948)
LOSS BEFORE TAXATION		<u>(1,789)</u>	<u>(3,005)</u>
Tax credit on loss	10	<u>204</u>	<u>149</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,584)</u>	<u>(2,856)</u>
OTHER COMPREHENSIVE INCOME NET OF TAXATION		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(1,584)</u></u>	<u><u>(2,856)</u></u>

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

KINGS SOLUTIONS GROUP LIMITED

Company Registration No. 07706703

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 October 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
FIXED ASSETS					
Intangible	11		4,707		1,398
Tangible	12		6,927		5,415
			<u>11,634</u>		<u>6,813</u>
CURRENT ASSETS					
Stocks	16		3,219		2,866
Debtors	17		9,737		6,856
Cash at bank and in hand			995		2,754
			<u>13,951</u>		<u>12,476</u>
CREDITORS: amounts falling due within one year	18		<u>(16,442)</u>		<u>(13,410)</u>
NET CURRENT LIABILITIES			<u>(2,491)</u>		<u>(934)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,143		5,879
CREDITORS: amounts falling due after more than one year	19	371	(371)	73	(73)
PROVISIONS					
Deferred tax	23		-		-
Deferred income	22		(3,337)		(2,693)
TOTAL NET ASSETS EMPLOYED			<u>5,435</u>		<u>3,113</u>
FINANCED BY:					
Amounts owed to shareholder companies	19	12,520	12,520	8,614	8,614
	19	<u>12,891</u>		<u>8,687</u>	
Called-up share capital	25		5,901		5,901
Share premium account			998		998
Revaluation reserve			1,121		1,145
Other reserve			1,500		1,500
Capital redemption reserve			1		1
Merger reserve			99		99
Profit and loss reserves			<u>(16,705)</u>		<u>(15,145)</u>
TOTAL FINANCING			<u>5,435</u>		<u>3,113</u>

The financial statements were approved by the board of directors and authorised for issue on 15 July 2022 and are signed on its behalf by:



.....
 GPL Zeidler
 Director

KINGS SOLUTIONS GROUP LIMITED

Company Registration No. 07706703

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 October 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
FIXED ASSETS					
Investment properties	13		3,775		3,775
Investments	14		4,101		4,101
			<u>7,876</u>		<u>7,876</u>
CURRENT ASSETS					
Debtors	17		3,707		3,857
Cash at bank and in hand			66		193
			<u>3,773</u>		<u>4,050</u>
CREDITORS: amounts falling due within one year	18		<u>(5,820)</u>		<u>(5,778)</u>
NET CURRENT LIABILITIES			<u>(2,047)</u>		<u>(1,728)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,829		6,148
CREDITORS: amounts falling due after more than one year	19		-		-
TOTAL NET ASSETS EMPLOYED			<u>5,829</u>		<u>6,148</u>
FINANCED BY:					
Loans from shareholder companies	19	5,420	5,420	5,614	5,614
	19	<u>5,420</u>		<u>5,614</u>	
Called-up share capital	25		5,901		5,901
Share premium account			998		998
Capital redemption reserve			1		1
Profit and loss reserves			(6,491)		(6,366)
TOTAL FINANCING			<u>5,829</u>		<u>6,148</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss and total comprehensive income for the year was £125,000 (2020: £471,000).

The financial statements were approved by the board of directors and authorised for issue on 15 July 2022 and are signed on its behalf by:



.....
GPL Zeidler
Director

KINGS SOLUTIONS GROUP LIMITED
Company Registration No. 07706703

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 October 2021

Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Other reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss reserves £'000	Total £'000
BALANCE AT 1 NOVEMBER 2019	5,901	998	1,169	1,500	1	99	(12,313)	(2,645)
<i>Year ended 31 October 2020</i>								
Loss and total comprehensive income for the year	-	-	-	-	-	-	(2,856)	(2,856)
Transfers	-	-	(24)	-	-	-	24	-
BALANCE AT 31 OCTOBER 2020	<u>5,901</u>	<u>998</u>	<u>1,145</u>	<u>1,500</u>	<u>1</u>	<u>99</u>	<u>(15,145)</u>	<u>(5,501)</u>
<i>Year ended 31 October 2021</i>								
Loss and total comprehensive income for the year	-	-	-	-	-	-	(1,584)	(1,584)
Transfers	-	-	(24)	-	-	-	24	-
BALANCE AT 31 OCTOBER 2021	<u>5,901</u>	<u>998</u>	<u>1,121</u>	<u>1,500</u>	<u>1</u>	<u>99</u>	<u>(16,705)</u>	<u>(7,085)</u>

KINGS SOLUTIONS GROUP LIMITED

Company Registration No. 07706703

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 October 2021

Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
BALANCE AT 1 NOVEMBER 2019	5,901	998	1	(5,895)	1,005
<i>Year ended 31 October 2020</i>					
Loss and total comprehensive income for the year	-	-	-	(471)	(471)
BALANCE AT 31 OCTOBER 2020	<u>5,901</u>	<u>998</u>	<u>1</u>	<u>(6,366)</u>	<u>534</u>
<i>Year ended 31 October 2021</i>					
Loss and total comprehensive income for the year	-	-	-	(125)	(125)
BALANCE AT 31 OCTOBER 2021	<u>5,901</u>	<u>998</u>	<u>1</u>	<u>(6,491)</u>	<u>409</u>

KINGS SOLUTIONS GROUP LIMITED

Company Registration No. 07706703

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 October 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Cashflows from operating activities					
Cash absorbed by operations	26		(2,811)		(838)
Income taxes refunded			149		-
Corporation taxes paid			(10)		-
Net cash outflow from operating activities			(2,672)		(838)
Investing activities					
Purchase of intangible assets		(265)		(147)	
Purchase of tangible fixed assets		(305)		(135)	
Net cash used in investing activities			(570)		(282)
Acquisitions and disposals					
Acquisition of investment in subsidiary (Cash paid, less cash acquired)		(462)		(769)	
Net cash outflow from acquisitions			(462)		(769)
Financing activities					
Proceeds from new borrowings		2,600		5,050	
Interest paid		(321)		(341)	
Repayment of borrowings		(337)		(137)	
Payment of finance leases obligations		(59)		(66)	
Net cash generated from financing activities			1,883		4,506
Net (decrease)/increase in cash and cash equivalents			(1,821)		2,617
Cash and cash equivalents at beginning of year			2,754		137
Cash and cash equivalents at end of year			933		2,754

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2021

1. JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of fixed assets (see notes 11 and 12)

The determination of whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill involves significant judgement. The factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Directors have concluded that there were no indicators of impairment in the current year.

2. ACQUISITION OF SUBSIDIARY COMPANIES

On 5 January 2021 the Group's subsidiary Kings Security Systems Limited acquired the entire share capital of Cougar Monitoring Limited ("Cougar") for a total consideration of £3.6million, including acquisition costs.

	£'000
Cost of investment	
Cash paid on acquisition	250
Deferred consideration (Fair value)	3,250
Acquisition costs	62
	<u>3,562</u>
Fair value of assets and liabilities acquired	
Fixed assets	1,680
Stocks	3
Trade and other receivables	296
Bank overdraft	(98)
Trade and other payables	(1,301)
Hire purchase liabilities	(62)
Bank loans	(568)
Deferred tax provision	(75)
	<u>(125)</u>
Goodwill recognised at acquisition	<u>3,687</u>

The total cost of the investment in Cougar includes a non-contingent element of deferred consideration and a contingent element of deferred consideration of up to £0.5m dependent upon the performance of Cougar during the two years ending 31 October 2025 and 31 October 2026. The full amount of the contingent consideration is included in the deferred consideration fair value above.

There was no material difference between the fair values and the carrying values of assets and liabilities acquired.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

2. ACQUISITION OF SUBSIDIARY COMPANIES (Continued)

In accordance with Group policy, goodwill on acquisition has been capitalised and will be amortised over its estimated useful life of 8 years. The Directors are of the opinion that the value of goodwill is supported by future cashflows of Cougar Monitoring Limited, discounted at the Group's weighted average cost of capital. Goodwill is primarily related to the substantial skill and expertise of Cougar's workforce, Cougar's gold standard operations centre and expected future profitability and cost synergies which have been implemented during the year.

Cougar's revenue for the 10 months to 31 October 2021 was £2,670,000 and profit for the period was £182,000.

3. TURNOVER

	2021 £'000	2020 £'000
Turnover analysed by geographical market		
United Kingdom	39,226	31,328
Overseas	182	82
	<u>39,408</u>	<u>31,410</u>

All turnover is attributable to the principal activity of the group.

4. EXCEPTIONAL COSTS

	2021 £'000	2020 £'000
Exceptional items – legal dispute	386	1,571
Exceptional items – closure of subsidiary	193	-
	<u>579</u>	<u>1,571</u>

Exceptional items – legal dispute

Exceptional expenses for the year ended 31 October 2021 of £386,000 (2020: £1,571,000) have been incurred in respect of legal and professional fees relating to a dispute between one of the Group's subsidiaries Kings Security Systems Limited ("KSSL") and a former director A King (and former director S Evans although the claim against S Evans was settled in August 2018) which came to trial during December 2020. KSSL won both its claim in bribery and for breach of fiduciary duties and defeated the counter-claim brought by Mr King alleging abuse of process. On 19th March 2021 the judge ordered payment to KSSL by Mr King of £62,242 by way of damages and interest; and costs in part on the indemnity basis subject to detailed costs assessment if not agreed. The judge ordered a payment on account of KSSL's costs in the sum of £1.0m. Mr King's application for permission to appeal was refused on 27th July 2021.

To date Mr King has failed to pay the costs outstanding but on 7th October 2021 Mr Christopher Newman, counsel representing Mr King, said in court in reference to claim number CL-2019-000755 against DWF for a value of £58m "my clients have got a professional liability claim ... which is extremely powerful". The Company makes no assessment as to the accuracy of this statement, but will seek to secure recovery of all costs incurred where possible.

These financial statements do not include the recognition of any amounts receivable under the court order.

Exceptional items – closure of subsidiary

Closure and reorganisation costs amounting to £193,000 (2020: £Nil) have been incurred in connection with the cessation of trading of the Group subsidiary UK Monitoring Limited on 10 May 2021, and the transfer of activities to Cougar Monitoring Limited.

KINGS SOLUTIONS GROUP LIMITED

Company Registration No. 07706703

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 October 2021****5. EMPLOYEES**

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

	Group 2021 Number	Group 2020 Number	Company 2021 Number	Company 2020 Number
Engineers/security personnel	362	261	-	-
Administrative staff	208	177	-	-
	<u>570</u>	<u>438</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Wages and salaries	16,020	13,359	-	-
Social security costs	1,515	1,262	-	-
Pension costs	304	256	-	-
	<u>17,839</u>	<u>14,877</u>	<u>-</u>	<u>-</u>

6. DIRECTORS' REMUNERATION

	2021 £'000	2020 £'000
Remuneration for qualifying services	<u>254</u>	<u>103</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2020 - 0).

7. OPERATING LOSS

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	436	418
Depreciation of tangible fixed assets held under finance leases	37	5
Amortisation of intangible assets	696	332
Amounts provided for slow moving and obsolete stocks	-	109
Operating lease charges	934	984
Government grants received	<u>(448)</u>	<u>(1,002)</u>

The government grants received relate to the government's furlough job retention scheme. The Coronavirus Job Retention Scheme was implemented by the United Kingdom government, and the scheme provides that those employees designated as being 'furloughed workers' are eligible to have 80 per cent of their wage costs paid up to a maximum amount of £2,500 per month. Due to the nature of the scheme, there are no unfulfilled conditions or contingencies. £Nil (2020: £18,000) was included in the statement of financial position at the year-end date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

8. AUDITOR'S REMUNERATION

	2021	2020
	£'000	£'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	16	10
Audit of the financial statements of the company's subsidiaries	89	57
	<u>105</u>	<u>67</u>
Fees payable for non-audit services		
Tax advisory, including Corporation tax compliance		
- Company	3	3
- Company's subsidiaries	28	25
	<u>31</u>	<u>28</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Interest payable to group undertakings	179	541
Interest on finance leases and hire purchase contracts	34	22
Interest on bank loans	9	-
Other interest	269	385
	<u>491</u>	<u>948</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

10. TAXATION

	2021 £'000	2020 £'000
Analysis of tax charge/(credit) in the period		
<i>Current tax</i>		
UK Corporation tax on loss for the period	-	-
Adjustments in respect of prior years	(128)	(149)
Total current tax	<u>(128)</u>	<u>(149)</u>
Total deferred tax	(76)	-
Taxation credit for the year	<u>(204)</u>	<u>(149)</u>

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Loss before taxation	<u>(1,789)</u>	<u>(3,005)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(340)	(571)
Tax effect of expenses that are not deductible in determining taxable profit	175	289
Unutilised tax losses carried forward	128	282
Adjustments in respect of prior years	(182)	(149)
Amounts relating to changes in tax rates	15	-
Taxation credit for the year	<u>(204)</u>	<u>(149)</u>

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. As a result of this change there will be a potential additional deferred tax charge in future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

11. INTANGIBLE FIXED ASSETS

Group	Goodwill	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 November 2020	5,747	1,761	7,508
Additions – separately acquired	-	265	265
Additions through business combinations	3,740	-	3,740
	<hr/>	<hr/>	<hr/>
At 31 October 2021	9,487	2,026	11,513
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 November 2020	4,826	1,284	6,110
Amortisation charged for the year	502	194	696
	<hr/>	<hr/>	<hr/>
At 31 October 2021	5,328	1,478	6,806
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 October 2021	4,159	548	4,707
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 October 2020	921	477	1,398
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The company had no intangible fixed assets at 31 October 2021 or 31 October 2020.

Development costs consist of internally generated software in respect of Dymension (formerly KJS - Kings Intelligence Service). The amortisation of Dymension is included in administrative expenses. Intangible assets relating to the Group's intellectual property contained within the development of the Dymension system have been pledged as security for loans.

Goodwill on consolidation represents the excess of the cost of acquisition over the Group's share in the market value of the identifiable assets and liabilities of a subsidiary company. The amortisation of goodwill is allocated to administrative expenses.

There are no contractual commitments to acquire intangible assets (2020: £Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

12. TANGIBLE FIXED ASSETS

Group	Freehold property	Plant and machinery	Fixtures & computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 November 2020	3,859	1,374	5,299	110	10,642
Subsidiaries acquired	1,459	-	221	-	1,680
Additions	168	-	143	-	311
Disposals	-	-	(15)	-	(15)
At 31 October 2021	5,486	1,374	5,648	110	12,618
Depreciation and impairment					
At 1 November 2020	188	951	4,075	13	5,227
Depreciation charged for the year	115	53	280	25	473
Disposals	-	-	(9)	-	(9)
At 31 October 2021	303	1,004	4,346	38	5,691
Carrying amount					
At 31 October 2021	5,183	370	1,302	72	6,927
At 31 October 2020	3,671	423	1,224	97	5,415

The company had no tangible fixed assets at 31 October 2021 or 31 October 2020.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2021	Group 2020	Company 2021	Company 2020
	£'000	£'000	£'000	£'000
Plant and machinery, motor vehicles	113	94	-	-
Depreciation charge for the year in respect of leased assets	37	5	-	-

Freehold property with a carrying amount of £3,707,000 was revalued on 6 November 2018 by Mark Brearley & Company, independent valuers not connected with the Group, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The Directors have considered the valuation of the properties and do not consider that there has been any material change at the balance sheet date.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
	£'000	£'000	£'000	£'000
Cost	3,279	3,279	-	-
Accumulated depreciation	(494)	(428)	-	-
Carrying value	2,785	2,851	-	-

The revaluation surplus is disclosed in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

13. INVESTMENT PROPERTY

	Group	Company
	£'000	£'000
Fair value		
At 1 November 2020 and 31 October 2021	-	3,775

Investment property with a carrying amount of £3,775,000 was revalued on 6 November 2018 by Mark Brearley & Company, independent valuers not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The Directors have considered the valuation of the properties and do not consider that there has been any material change at the balance sheet date.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cost	-	-	3,279	3,279
Accumulated depreciation	-	-	(494)	(428)
Carrying value	-	-	2,785	2,851

14. FIXED ASSET INVESTMENTS

		Group	Group	Company	Company
		2021	2020	2021	2020
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries					
Cost		-	-	7,601	7,601
Impairment		-	-	(3,500)	(3,500)
Carrying amount	15	-	-	4,101	4,101

The Directors have reviewed the carrying value of investments in subsidiary undertakings and do not consider any additional provision for impairment is necessary (2020: £Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

15. FIXED ASSET INVESTMENTS

Details of the company's subsidiaries at 31 October 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% held Direct	% held Indirect
Dragnstore Ltd	*	Dormant **	Ordinary	100%	-
Kings Secure Technologies Ltd	*	Trading name of group ***	Ordinary	100%	-
Kings Security Guarding Ltd	*	Dormant **	Ordinary	100%	-
Kings Security Systems Ltd	*	Installation and maintenance of intruder alarms and surveillance systems	Ordinary	100%	-
Kings Training Academy Ltd	*	Dormant **	Ordinary	100%	-
Manna Holdings Ltd	*	Holding company ***	Ordinary	100%	-
Silver (UK) Ltd	*	Installation and maintenance of smoke ventilation and other fire & security services	Ordinary	-	100%
Cougar Monitoring Ltd	*	Provision of security monitoring services	Ordinary	-	100%
Cougar Community Patrols Ltd	*	Dormant **	Ordinary	-	100%
UK Monitoring Ltd	*	Provision of security monitoring services	Ordinary	-	100%

* All subsidiaries have the following registered office:

4 St Dunstons Technology Park
 Ripley Street
 Bradford
 West Yorkshire
 BD4 7HH

** Exempt from audit requirements, in accordance with section 480 of the Companies Act 2006 relating to dormant companies.

*** Exempt from audit requirements, in accordance with section 479a of the Companies Act 2006 due to parent company guarantee.

16. STOCKS

	Group 2021 £'000	Group 2020 £'000	Company 2020 £'000	Company 2019 £'000
Raw materials and consumables	1,436	1,795	-	-
Work in progress	1,783	1,071	-	-
	<u>3,219</u>	<u>2,866</u>	<u>-</u>	<u>-</u>

Stocks are stated at historic cost. There is no material difference to the replacement cost. Stocks are stated net of a provision of £109,000 (2020: £109,000) for potential slow moving and obsolete stock.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

17. DEBTORS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Amounts falling due within one year:				
Trade debtors	6,923	5,222	-	-
Corporation tax recoverable	141	162	13	13
Amounts owed by group undertakings	-	-	3,694	3,844
Other debtors	49	243	-	-
Prepayments and accrued income	2,624	1,229	-	-
	<u>9,737</u>	<u>6,856</u>	<u>3,707</u>	<u>3,857</u>

The group reviews and maintains a provision against those debtors considered to be irrecoverable. The amount of this provision is not considered to be material.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Notes				
Bank overdrafts	62	-	-	-
Bank loans	120	-	-	-
Obligations under finance leases	49	39	-	-
Trade creditors	3,998	2,156	-	-
Corporation tax payable	10	20	-	-
Other taxation and social security	1,528	2,640	20	28
Other creditors	663	91	-	-
Accruals and deferred income	3,499	3,451	787	737
	<u>9,929</u>	<u>8,397</u>	<u>807</u>	<u>765</u>
Loans from shareholder companies	4,380	2,880	2,880	2,880
B Shares redemption premium	2,133	2,133	2,133	2,133
	<u>16,442</u>	<u>13,410</u>	<u>5,820</u>	<u>5,778</u>

The B shares liability of £2,133,000 (2020: £2,133,000) is in respect of redemption of the B ordinary shares. This has been included within creditors due within one year in accordance with accounting standards, although the shares cannot be redeemed until the Company has sufficient distributable reserves. In the opinion of the Directors it is likely to be 15-20 years until the Company has sufficient distributable reserves to allow these shares to be redeemed. On this basis the Directors estimate the Net Present Value of the redemption to be approximately £0.5m (2020: £0.5m).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Notes	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank loans	305	-	-	-
Obligations under finance leases	66	73	-	-
Loans from shareholder companies	9,520	8,614	5,420	5,614
Other creditors – deferred consideration	3,000	-	-	-
	<u>12,891</u>	<u>8,687</u>	<u>5,420</u>	<u>5,614</u>

20. BORROWINGS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank overdrafts	62	-	-	-
Bank loans	425	-	-	-
Loans from majority shareholder	10,350	7,750	4,750	4,750
Other loans from shareholder companies	3,550	3,744	3,550	3,744
Other creditors – deferred consideration	3,250	-	-	-
	<u>17,637</u>	<u>11,494</u>	<u>8,300</u>	<u>8,494</u>
Payable within one year	4,812	2,880	2,880	2,880
Payable after one year	<u>12,825</u>	<u>8,614</u>	<u>5,420</u>	<u>5,614</u>

Interest is accrued at 5% per annum on £8.85m loans from majority shareholder and are repayable on demand with a notice period of at least one year and one day. There are no fixed terms for repayment of the principal amount or of accrued interest.

During the year the Group's majority shareholder entered into a new agreement to provide the Group with working capital facility of up to £4m with interest accruing at Base rate +3% per annum on drawn balances, which are repayable on demand. At 31 October 2021 the Group had drawn £1.5m under this facility.

Other loans from shareholder companies include £3.55m due to KI Finance SARL. Interest is payable on £1.09m of the loans at 2.7%-2.9% above LIBOR. Interest is payable on £2.65m of the loans at 9% per annum. The loan from KI Finance SARL is secured by a fixed and floating charge over all the assets owned by the company.

21. FINANCE LEASE OBLIGATIONS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Future minimum lease payments due under finance leases:				
Less than one year	49	39	-	-
Between one and five years	66	73	-	-
	<u>115</u>	<u>112</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

25. SHARE CAPITAL

	2021 £'000	2020 £'000
Ordinary share capital		
Issued and fully paid		
3,900,459 Ordinary shares of £1 each	3,901	3,901
6 B Ordinary shares of £1 each (recognised as a liability)	-	-
	<u>3,901</u>	<u>3,901</u>
Preferred share capital		
Issued and fully paid		
200,000,000 Preferred shares of 1p each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

The Preferred shares have no voting rights and no rights in respect of dividends. On a return of capital the surplus of the assets of the company available for distribution among the shareholders rank ahead of the Ordinary Shares.

The B Ordinary shares of £1 each do not entitle the holder to any right to vote or participate in dividends or distributions and can only be redeemed in the event that the company has sufficient distributable reserves.

The redemption premium of £2.13m was calculated based on the results of the group for the years ended 31 March 2015, 2016 and 2017 and has been recognised as a liability at full face value in the financial statements in accordance with accounting standards. The liability in the financial statements does not necessarily reflect market value.

In the opinion of the directors, it is likely to be at least 15-20 years until the company has sufficient distributable reserves to enable redemption of the B Ordinary shares. The directors calculate the net present value of the redemption premium to be approximately £0.5m.

26. CASH GENERATED FROM GROUP OPERATIONS

	2021 £'000	2020 £'000
Loss for the year after tax	(1,688)	(2,856)
<i>Adjustments for:</i>		
Finance costs	491	948
Amortisation and impairment of intangible assets	696	332
Depreciation and impairment of tangible fixed assets	473	423
Corporation tax credit	(101)	(149)
<i>Movements in working capital:</i>		
(Increase)/decrease in stocks	(350)	18
(Increase)/decrease in debtors	(2,606)	2,542
Increase/(decrease) in creditors	274	(2,096)
	<u>(2,811)</u>	<u>(838)</u>
Cash absorbed by operations	<u>(2,811)</u>	<u>(838)</u>

KINGS SOLUTIONS GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

27. CONSOLIDATED ANALYSIS OF CHANGES IN NET DEBT

		1 November 2020 £'000	Cash flow £'000	Acquisition of subsidiary £'000	Other non-cash movements £'000	31 October 2021 £'000
	Notes					
Cash at bank and in hand		2,754	(1,759)	-	-	995
Bank overdraft	18	-	36	(98)	-	(62)
Cash and cash equivalents		2,754	(1,723)	(98)	-	933
Bank loans	18	-	(143)	163	100	120
Hire Purchase agreements		39	(59)	26	43	49
Loans from majority shareholder	18	-	1,500	-	-	1,500
Other loans from shareholder companies	18	2,880	(194)	-	194	2,880
Debt due within 1 year	20	2,919	1,104	189	337	4,549
Bank loans	19	-	-	405	(100)	305
Hire Purchase agreements		73	-	36	(43)	66
Loans from majority shareholder	19	7,750	1,100	-	-	8,850
Other loans from shareholder companies	19	864	-	-	(194)	670
Debt due after 1 year	19,20	8,687	1,100	441	(337)	9,891
Total net debt		8,852	3,927	728	-	13,507

28. OPERATING LEASE COMMITMENTS

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Within one year	868	859	-	-
Between one and five years	1,034	984	-	-
In over five years	100	63	-	-
	2,002	1,906	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021**29. RELATED PARTY TRANSACTIONS**

Exemption from disclosing transactions entered into by wholly-owned members of Kings Solutions Group has been taken in accordance with Section 33 of FRS 102.

During the year the group made the following related party transactions.

Prime Interaction Limited

Included in administrative expenses is £120,000 (2020: £120,000) paid to Prime Interaction Limited a company with two common directors, B A Stiefel and R C Fisher and the same ultimate controlling party as the company, the Trustees of the Merrowdown Trust. At the reporting date £12,000 (2020: £12,000) was payable to Prime Interaction Limited.

On 5 January 2021 the Company acquired Cougar Monitoring Limited from Prime Interaction Limited and Prime Interaction Holdings Limited. Total consideration, including contingent consideration, is expected to total £4m. Included in other creditors is deferred consideration of £3,250,000.

Primekings Holding Limited

Included in amounts due to majority shareholder are other loans of £10,350,000 (2020: £7,750,000) due to Primekings Holding Limited, a company with two common directors, B A Stiefel and R C Fisher. Interest is payable on the loan at 5% and Base rate +3%; the amount charged to interest in the year was £199,000 (2020: £141,000). Included within accruals is £1,158,000 (2020: £959,000) in relation to interest payable.

KI Finance SARL

Included in other loans is £3,549,000 (2020 - £3,744,000) due to KI Finance SARL a company with a common director, B A Stiefel. Interest is payable on the loan at rates of 2.7% or 2.9% above LIBOR or 9% per annum (previously 5% per annum), where they extend beyond their approved terms. The amount charged to interest in the year was £269,000 (2020 - £276,000). Included within accruals is £87,000 (2020 - £96,000) in relation to interest payable. Included in administration expenses is £100,000 (2020 - £100,000) charged by KI Finance SARL in respect of management costs.

Remuneration of key management personnel

The total remuneration of the directors of all group companies, who are considered to be key management personnel, was £1,042,000 (2020 - £909,000).

30. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Primekings Holding Limited, a company registered in England and Wales whose accounts are lodged with Companies House.

In the opinion of the directors the ultimate controlling party is the Trustees of the Merrowdown Trust whose beneficiaries are the Robin Fisher Family.

31. POST BALANCE SHEET EVENTS

On 29 November 2021 the Group acquired 80% of the share capital of Quidvis Limited, funded by a loan from the Company's ultimate parent undertaking, Primekings Holding Limited. Quidvis Limited is a Fire Risk Assessment and Risk Management business providing clients with a complete risk management solution and detailed audit trail of the risk management process via an online portal. Quidvis Limited recorded turnover of £3,000 for the 7 months to 31 October 2021 and had net liabilities of £42,000 at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 October 2021****32. ACCOUNTING POLICIES****Company information**

Kings Solutions Group Limited (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is 4 St Dunstons Technology Park, Ripley Street, Bradford, West Yorkshire, BD4 7HH.

The group consists of Kings Solutions Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value. The principal accounting policies adopted are set out below.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Kings Solutions Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 October 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 October 2021****32. ACCOUNTING POLICIES (Continued)****Going concern**

At 31 October 2021, the Group had net current liabilities of £2.5m (2020: £0.9m) and the company had net current liabilities of £2.0m (2020: £1.7m). The group incurred a net loss after tax of £1.69m (2020: £2.86m loss).

During the year the Group received additional funding of £1.1m from its majority shareholder Primekings Holding Ltd to support the acquisition of Cougar Monitoring Limited and subsequent restructuring of the group to merge the trading activities of UK Monitoring Limited into Cougar. The Group has also signed a £4.0m working capital facility with Primekings Holding Ltd to enable future growth. At 31 October 2021 the amount drawn under this facility amounted to £1.5m.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing the financial statements which show the group being able to operate within its agreed facilities. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

The turnover shown in the statement of comprehensive income represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Service and maintenance turnover is recognised over the life of the contract and amounts invoiced in advance are included in deferred income. Installations revenue is recognised when the right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of work performed.

Intangible fixed assets other than goodwill

Development expenditure for individual projects is deferred when its future recoverability can be foreseen with reasonable certainty. Provision is made for any impairment. All research and other development costs are written off as incurred.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Development costs 20% straight line basis

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid or payable and the fair value of other consideration given) over the fair value of the separable net assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life of 8 years.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021

32. ACCOUNTING POLICIES (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% straight line basis
Plant & machinery	10-15% reducing balance basis
Fixtures & computer equipment	15%-25% reducing balance basis
Motor vehicles	25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold land is not depreciated.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

Investment properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available. Changes in fair value are recognised in profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 October 2021****32. ACCOUNTING POLICIES (Continued)****Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021**32. ACCOUNTING POLICIES (Continued)****Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, amounts due to group undertakings, other loans and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

B Ordinary Shares

The B Ordinary shares of £1 each do not entitle the holder to any right to vote or participate in dividends or distributions and can only be redeemed in the event that the company has sufficient distributable reserves.

The redemption premium of £2.13m was calculated based on the results of the group for the years ended 31 March 2015, 2016 and 2017 and has been recognised as a liability in the financial statements in accordance with accounting standards. The liability in the financial statements does not necessarily reflect market value.

In the opinion of the directors, it is likely to be at least 15-20 years until the company has sufficient distributable reserves to enable redemption of the B Ordinary shares. The directors calculate the net present value of the redemption premium to be approximately £0.5m.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2021**32. ACCOUNTING POLICIES (Continued)****Employee benefits**

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Exceptional items

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the company and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

Research and development

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. Research and development costs incurred in connection with the Group's estate security management software Dymension are capitalised as intangible fixed assets and amortised on a straight line basis over 5 years.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.