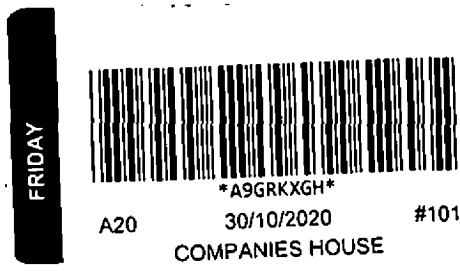


Company Registration No. 07706703 (England and Wales)

KINGS SOLUTIONS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2019



KINGS SOLUTIONS GROUP LIMITED

COMPANY INFORMATION

Directors	G P L Zeidler (Chairman) R C Fisher E J Shaw B A Stiefel
Secretary	G A Kehoe
Company number	07706703
Registered office	4 St Dunstons Technology Park Ripley Street Bradford West Yorkshire BD4 7HH
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Bankers	Barclays Bank plc 2 nd Floor 1 Park Row Leeds LS1 5AB

KINGS SOLUTIONS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present the strategic report for the year ended 31 October 2019.

Trading

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

	2019	2018 as restated
	£'000	£'000
Turnover	30,417	29,882
Gross profit	4,966	5,060
<i>Gross profit %</i>	16.3%	16.9%
EBITDA*	(715)	(1,391)
<i>EBITDA %</i>	(2.4%)	(4.7%)

*Pre exceptional costs

The primary activities of the group are the installation and maintenance of CCTV and intruder alarm systems, the provision of security guarding services and security monitoring services and specialist security consultancy services.

Turnover for the year ended 31 October 2019 was £30.4m which is 1.8% higher than the year ended 31 October 2018. The increase in turnover was largely driven by increased project spend from one large account and new customer gains. This more than offsets the loss of a £3m retail account during the previous year and the decline of £1.1m in spending from other core retail clients. The Group continues to focus efforts on increasing turnover to non-retail clients to reduce exposure to the High Street retail sector and has made significant gains in the food, banking and postal sectors.

Gross profit percentage reduced from 16.9% in the year ended 31 October 2018 to 16.3% in the year to 31 October 2019.

Our employee numbers reduced from an average of 455 in the year to 31 October 2018 to 423 during the year ended 31 October 2019. Turnover per employee increased from £65,675 in the year ended 31 October 2018 to £71,908 during the year ended 31 October 2019 (an increase of 9.5%).

Throughout the turnaround the Group's attention has been on operating cash and cashflow management in order to drive operating profit. In this phase earnings before interest, taxation, depreciation and amortisation ("EBITDA") is one of the key financial measures that is used by the Group to assess progress. During the year ended 31 October 2019 the Group generated a negative EBITDA (pre exceptional costs) of £(0.7)m, a £0.7m improvement on the negative EBITDA of £(1.4)m generated in the year ended 31 October 2018 and reflects a solid improvement.

Exceptional costs during the year of £0.6m consisted of 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. Entirely without prejudice to its position or waiver over any privilege, KSSL has attempted to settle the matter, but costs have been significantly increased primarily because Anthony King has significantly widened the scope of the issues in the claim by bringing a counterclaim alleging that the claim is an "abuse of process" which is denied. The Board remains of the opinion that the claim is in the best interest of the Group and a court date is set for November 2020.

The group has invested in both its people and its systems in order to support the further growth in its operations. Capital expenditure on intangible and tangible fixed assets during the year was £0.4m and was predominantly related to IT based systems and infrastructure to underpin high quality service provision.

The group had net liabilities of £2.6m at 31 October 2019 compared to £3.8m of net liabilities at 31 October 2018. The group has continued to be supported by its parent undertaking and the ultimate controlling party, as evidenced by the £3.9m rights issue during the year and additional loans beyond the balance sheet date to ensure that the group can continue to operate and pay its debts as they fall due.

KINGS SOLUTIONS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Trading (continued)

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:** In common with most other UK businesses the Group has experienced a significant reduction in trading due to COVID-19 with customers either delaying project installation plans or restricting access to their premises which impacts on the Group's service revenues. This has been partially offset by supplying additional COVID related services to existing customers, especially by the Group's security personnel division. This, coupled with the Government's Coronavirus Job Retention Scheme and deferral of tax payments, has mitigated the impact. However the changes in customer demand and potential for a resurgence in the virus mean the risk remains significant.
- **Brexit:** The Group does not expect any significant impact in the event of a No-Deal Brexit. A review of the Group's supply chains has identified a small number of products which may be adversely affected and has managed stock holdings to mitigate any impact.
- **Economic uncertainty** which has reduced capital investment by customers, most particularly in the high street retail market which has formed our historical core customer base. To mitigate this our growth strategy is to develop a more diverse base of customers in a range of commercial sectors, whilst continuing to deliver differentiated retail services; and to continue to maintain tight control of costs.
- Ensuring we continue to invest in the infrastructure needed to deliver a high quality and innovative service to our customers despite financial challenges. The majority shareholder has enabled continued investment to replace core systems infrastructure that will improve our service resilience and operational effectiveness.
- Shortage of qualified engineers in the industry leading to availability and cost risks. We have mitigated this through the Group's apprentice program and 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

The Group provides critical infrastructure support services to a customer base that includes key organisations such as the Post Office, Supermarkets, banks and the police and has continued trading throughout the COVID lockdown period, with a continuation of improvements to Group profitability.

In response to the impact of the COVID-19 lockdown, and to ensure the business had adequate working capital liquidity, during April 2020 the Group was provided with a £3million working capital loan from its ultimate parent company PrimeKings Holdings Limited. £0.9million of this was used to fully repay the Bank Leumi invoice discount facility.

On 21 October 2020 the Group acquired the entire share capital of Silver (UK) Limited, funded from existing cash resources. Silver (UK) Limited is a leading provider of smoke ventilation and wider fire and security services in London and the South East region.

KINGS SOLUTIONS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Funding position & future development

During the year the Group launched a rights issue which was fully subscribed by its majority shareholder with an investment of £3.9m. The minority shareholders did not participate in the rights issue leaving the Group with a funding shortfall of £2.6m. The majority shareholder covered this with the provision of further loan capital to the group to allow continuing investment in development, and to maintain liquidity. The Directors consider that the group has the full support of its 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 that it is in a strong enough position to consider acquisitions that can improve profitability through greater scale and accelerate the Group's development in sectors that reduces its reliance on the high street.

On behalf of the board



.....
G P L Zeidler (Chairman)
Director

Date: 30 October 2020

KINGS SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their annual report and financial statements for the year ended 31 October 2019.

Principal activities

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

The principal activity of the company is to hold properties and shares of group companies.

Directors

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

G P L Zeidler (Chairman)
R C Fisher
E J Shaw
B A Stiefel

Results and dividends

The results for the year are set out on page 9.

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

Qualifying third party indemnity provisions

The company 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.

Supplier payment policy

It is the group's policy to make supplier payment in accordance with the terms agreed with each supplier.

As at 31 October 2019, creditor days were 61 days (2018 - 54 days).

Financial instruments

Financial risk management objectives and policies

The principal financial instruments of the business comprise bank balances, invoice discount facility, 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 continued invoice discounting, 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 regular 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 representing 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.

KINGS SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

Research and development

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

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.

Strategic report

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.

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.

Post balance sheet events

Details of post balance sheet events are included on page 2.

Going concern

The Group provides critical infrastructure support services to a customer base that includes key organisations such as the Post Office, Supermarkets, banks and the police and has continued trading throughout the lockdown period, with a continuation of improvements to Group profitability. Nevertheless, material uncertainties exist related to the impact of COVID-19 on the UK economy as a whole which may impact on the future ability of companies to continue as going concerns which could impact on the Group's revenues and risk of bad debts.

The Directors have prepared cash flow forecasts to incorporate their best estimate of the ongoing impact of COVID-19 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. The directors believe there are a number of mitigating options which would be available to provide additional sources of funding, should the need arise. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



.....
G P L Zeidler (Chairman)
Director

Date: 30 October 2020

KINGS SOLUTIONS GROUP LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2019

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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 2019 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 a summary of 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 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Material uncertainty related to going concern

We draw attention to note 32 in the financial statements, which indicates that the group incurred a net loss of £2.8m during the year ended 31 October 2019 and, as of that date, the group had net current liabilities of £8.9m.

Note 32 also indicates that the group may be adversely affected by the growing impact of the Covid-19 (Coronavirus) outbreak. Whilst the directors are taking action to mitigate the impact, given the unpredictable nature and impact of the outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to predict the full extent of the impact with regards to the going concern basis of accounting and its related disclosures.

As stated in note 32, these events or conditions, along with the other matters as set forth in note 32, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 our 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 their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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.

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.

RSM UK Audit LLP

Daniel Varley (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
30 October 2020

KINGS SOLUTIONS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2019

		2019	2018
	Notes	£'000	as restated £'000
Turnover	3	30,417	29,882
Cost of sales		<u>(25,451)</u>	<u>(24,822)</u>
Gross profit		4,966	5,060
Other exceptional expenses	4	(564)	(462)
Other administrative expenses		<u>(6,476)</u>	<u>(7,435)</u>
Administrative expenses		(7,040)	(7,897)
Operating loss	7	(2,074)	(2,837)
Interest payable and similar expenses	9	(697)	(683)
Loss before taxation		(2,771)	(3,520)
Tax on loss	10	-	22
Loss for the financial year		(2,771)	(3,498)
Other comprehensive income net of taxation			
Revaluation of tangible fixed assets		-	203
Total comprehensive income for the year		<u>(2,771)</u>	<u>(3,295)</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
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

		2019		2018 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		653		744
Tangible assets	12		5,602		5,886
			<u>6,255</u>		<u>6,630</u>
Current assets					
Stocks	16	2,829		1,410	
Debtors	17	8,996		6,153	
Cash at bank and in hand		137		727	
			<u>11,962</u>	<u>8,290</u>	
Creditors: amounts falling due within one year	18	<u>(20,860)</u>		<u>(18,660)</u>	
Net current liabilities			<u>(8,898)</u>		<u>(10,370)</u>
Total assets less current liabilities			<u>(2,643)</u>		<u>(3,740)</u>
Creditors: amounts falling due after more than one year	19		(2)		(33)
Net liabilities			<u>(2,645)</u>		<u>(3,773)</u>
Capital and reserves					
Called up share capital	25		5,901		2,002
Share premium account	26		998		998
Revaluation reserve	26		1,169		1,193
Other reserve	26		1,500		1,500
Capital redemption reserve	26		1		1
Merger reserve	26		99		99
Profit and loss reserves	26		<u>(12,313)</u>		<u>(9,566)</u>
Total equity			<u>(2,645)</u>		<u>(3,773)</u>

The financial statements were approved by the board of directors and authorised for issue on 30 October 2020 and are signed on its behalf by:



.....
G P L Zeidler (Chairman)
Director

KINGS SOLUTIONS GROUP LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

	Notes	2019 £'000	2018 £'000	2018 £'000
Fixed assets				
Investment properties	13		3,775	3,775
Investments	14		4,101	1,001
			<u>7,876</u>	<u>4,776</u>
Current assets				
Debtors	17	2,073	417	
Cash at bank and in hand		45	13	
		<u>2,118</u>	<u>430</u>	
Creditors: amounts falling due within one year	18	(8,989)	(7,851)	
Net current liabilities			<u>(6,871)</u>	<u>(7,421)</u>
Total assets less current liabilities			<u>1,005</u>	<u>(2,645)</u>
Capital and reserves				
Called up share capital	25		5,901	2,002
Share premium account	26		998	998
Capital redemption reserve	26		1	1
Profit and loss reserves	26		(5,895)	(5,646)
Total equity			<u>1,005</u>	<u>(2,645)</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 £249,000 (2018 - £1,174,000).

The financial statements were approved by the board of directors and authorised for issue on 30 October 2020 and are signed on its behalf by:



.....
G P L Zeidler (Chairman)
Director

KINGS SOLUTIONS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	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 2017 as previously reported		2,002	998	990	-	1	99	(5,881)	(1,791)
Effect of change in basis of measurement	2	-	-	-	-	-	-	(187)	(187)
Balance at 1 November 2017 as restated		2,002	998	990	-	1	99	(6,068)	(1,978)
Year ended 31 October 2018:									
Loss for the year		-	-	-	-	-	-	(3,498)	(3,498)
Other comprehensive income net of taxation:									
Revaluation of tangible fixed assets		-	-	203	-	-	-	-	203
Total comprehensive income for the year as restated		-	-	203	-	-	-	(3,498)	(3,295)
Issue of share capital		-	-	-	1,500	-	-	-	1,500
Balance at 31 October 2018 as restated		2,002	998	1,193	1,500	1	99	(9,566)	(3,773)
Year ended 31 October 2019:									
Loss and total comprehensive income for the year		-	-	-	-	-	-	(2,771)	(2,771)
Issue of share capital	25	3,899	-	-	-	-	-	-	3,899
Transfers		-	-	(24)	-	-	-	24	-
Balance at 31 October 2019		5,901	998	1,169	1,500	1	99	(12,313)	(2,645)

KINGS SOLUTIONS GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 November 2017		<u>2,002</u>	<u>998</u>	<u>1</u>	<u>(4,472)</u>	<u>(1,471)</u>
Year ended 31 October 2018:						
Loss and total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,174)</u>	<u>(1,174)</u>
Balance at 31 October 2018		<u>2,002</u>	<u>998</u>	<u>1</u>	<u>(5,646)</u>	<u>(2,645)</u>
Year ended 31 October 2019:						
Loss and total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>(249)</u>	<u>(249)</u>
Issue of share capital	25	<u>3,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,899</u>
Balance at 31 October 2019		<u>5,901</u>	<u>998</u>	<u>1</u>	<u>(5,895)</u>	<u>1,005</u>

KINGS SOLUTIONS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities				
Cash absorbed by operations	27		(1,692)	(2,297)
Income taxes refunded			24	29
Net cash outflow from operating activities			(1,668)	(2,268)
Investing activities				
Purchase of intangible assets		(224)		(246)
Purchase of tangible fixed assets		(196)		(156)
Proceeds on disposal of tangible fixed assets		-		3
Net cash used in investing activities			(420)	(399)
Financing activities				
Proceeds from issue of shares		3,899		-
Interest paid		(697)		(683)
Issue of preferred shares		-		1,500
Proceeds from borrowings		-		3,360
Repayment of borrowings		(1,588)		(63)
Repayment of bank loans		-		(1,541)
Payment of finance leases obligations		(116)		(206)
Net cash generated from financing activities			1,498	2,367
Net decrease in cash and cash equivalents			(590)	(300)
Cash and cash equivalents at beginning of year			727	1,027
Cash and cash equivalents at end of year			137	727

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

1 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Impairment of fixed assets and investments (see notes 11 and 12)

The determination of whether there are indicators of impairment of the group's tangible and intangible assets and investments, including goodwill. 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.

Investment properties and tangible fixed assets (see note 12)

Investment properties and freehold properties are valued professionally with sufficient regularity to ensure they are not materially misstated. The valuations have been prepared on the basis of Market Value (MV) which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

2 Change in basis of measurement of maintenance contract revenue

The group's previous basis of measurement of revenues on maintenance contracts was to match the revenues against the periods in which the associated costs are incurred in attending planned preventative maintenance ("PPM") visits to service clients' equipment. This basis of measurement has been changed so that revenues are now recognised evenly over the entire life of the contract.

The previous revenue basis was difficult to accurately predict in advance due to timing changes in PPM visits and did not reflect additional service visits arising from the contract during the year in addition to the normal PPM visits. The new basis provides a more reliable method for recognising maintenance contract revenues which is easier to predict. In the directors view the change in basis is material to the financial statements.

The impact of the change in basis on the comparative figures is as follows:

Consolidated statement of comprehensive income

	Year ended 31 October 2018		
	As		
	previously reported	Adjustment	As restated
	£'000	£'000	£'000
Turnover	30,042	(160)	29,882

Consolidated statement of financial position

	1 November 2017			31 October 2018		
	As			As		
	previously reported	Adjustment	As restated	previously reported	Adjustment	As restated
	£'000	£'000	£'000	£'000	£'000	£'000
Creditors: amounts falling due within one year						
Accruals and deferred income	1,643	187	1,830	1,670	347	2,017
Capital and reserves						
Profit and loss reserves	(5,881)	(187)	(6,068)	(9,219)	(347)	(9,566)

3 Turnover

	2019	2018
	£'000	as restated £'000
Turnover analysed by geographical market		
United Kingdom	30,337	29,643
Overseas	80	239
	<u>30,417</u>	<u>29,882</u>

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

KINGS SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

4	Exceptional costs	2019	2018
		£'000	£'000
	Exceptional items	564	462

Exceptional expenses for the year ended 31 October 2019 of £564,000 (2018 - £462,000) have been incurred in respect of professional fees relating to the dispute by one of the Group's subsidiaries, Kings Security Systems Limited ("KSSL"), against former directors, S Evans, which was satisfactorily resolved in the prior year, and A King. Entirely without prejudice to its position or waiver over any privilege, KSSL has attempted to settle the matter, but costs have been significantly increased primarily because Anthony King has significantly widened the scope of the issues in the claim by bringing a counterclaim alleging that the claim is an "abuse of process" which is denied. The Board remains of the opinion that the claim is in the best interest of the Group and a court date is set for November 2020.

5 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Engineers/security personnel	251	292	-	-
Administrative staff	172	163	-	-
	<u>423</u>	<u>455</u>	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Wages and salaries	11,978	12,837	-	-
Social security costs	1,187	1,143	-	-
Pension costs	200	131	-	-
	<u>13,365</u>	<u>14,111</u>	-	-

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

6	Directors' remuneration		
		2019	2018
		£'000	£'000
	Remuneration for qualifying services	<u>105</u>	<u>108</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2018 - 0).

7	Operating loss		
		2019	2018
		£'000	£'000
	Operating loss for the year is stated after charging/(crediting):		
	Depreciation of owned tangible fixed assets	468	449
	Depreciation of tangible fixed assets held under finance leases	12	81
	Loss on disposal of tangible fixed assets	-	91
	Amortisation of intangible assets	315	363
	Cost of stocks recognised as an expense	7,199	6,528
	Operating lease charges	<u>836</u>	<u>923</u>

8	Auditor's remuneration		
		2019	2018
		£'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	8	8
	Audit of the financial statements of the company's subsidiaries	<u>35</u>	<u>33</u>
		<u>43</u>	<u>41</u>

9	Interest payable and similar expenses		
		2019	2018
		£'000	£'000
	Interest payable to group undertakings	144	74
	Interest on finance leases and hire purchase contracts	18	36
	Other interest	<u>535</u>	<u>573</u>
	Total finance costs	<u>697</u>	<u>683</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

10 Taxation

	2019	2018
	£'000	£'000
Current tax		
Adjustments in respect of prior periods	-	(22)
	<u> </u>	<u> </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:

	2019	2018
	£'000	as restated £'000
Loss before taxation	(2,771)	(3,520)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(526)	(669)
Tax effect of expenses that are not deductible in determining taxable profit	4	114
Unutilised tax losses carried forward	520	548
Adjustments in respect of prior years	1	(21)
Effect of change in corporation tax rate	1	6
	<u> </u>	<u> </u>
Taxation credit for the year	-	(22)
	<u> </u>	<u> </u>

The Finance Act 2017, which was substantively enacted on 31 October 2017, includes a reduction in the UK rate of corporation tax to 17% with effect from 1 April 2020. Deferred tax arising on timing differences at the Statement of Financial Position date has been measured at this enacted rate and is included in these financial statements on this basis.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

11 Intangible fixed assets

Group	Goodwill	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 November 2018	4,817	1,390	6,207
Additions	-	224	224
At 31 October 2019	<u>4,817</u>	<u>1,614</u>	<u>6,431</u>
Amortisation and impairment			
At 1 November 2018	4,570	893	5,463
Amortisation charged for the year	123	192	315
At 31 October 2019	<u>4,693</u>	<u>1,085</u>	<u>5,778</u>
Carrying amount			
At 31 October 2019	<u>124</u>	<u>529</u>	<u>653</u>
At 31 October 2018	<u>247</u>	<u>497</u>	<u>744</u>

The company had no intangible fixed assets at 31 October 2019 or 31 October 2018.

Development costs consist of internally generated software in respect of Dymension (formerly KIS - Kings Intelligence Service). The amortisation of Dymension is included in administrative expenses. The amortisation and impairment of goodwill is allocated to 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 bank and other loans.

There are no contractual commitments to acquire intangible assets (2018 - £nil).

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

12 Tangible fixed assets

Group	Freehold property	Plant & machinery	Fixtures & computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 November 2018	3,801	1,294	5,112	13	10,220
Additions	-	90	106	-	196
At 31 October 2019	3,801	1,384	5,218	13	10,416
Depreciation and impairment					
At 1 November 2018	19	838	3,485	(8)	4,334
Depreciation charged in the year	75	60	327	18	480
At 31 October 2019	94	898	3,812	10	4,814
Carrying amount					
At 31 October 2019	3,707	486	1,406	3	5,602
At 31 October 2018	3,782	456	1,627	21	5,886

The company had no tangible fixed assets at 31 October 2019 or 31 October 2018.

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

	Group	Company		
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Plant & machinery	49	330	-	-
Depreciation charge for the year in respect of leased assets	12	81	-	-

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.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

12 Tangible fixed assets (Continued)

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		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cost	3,279	3,279	-	-
Accumulated depreciation	(362)	(296)	-	-
Carrying value	<u>2,917</u>	<u>2,983</u>	<u>-</u>	<u>-</u>

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

13 Investment property

	Group	Company
	2019	2019
	£'000	£'000
Fair value		
At 1 November 2018 and 31 October 2019	<u>-</u>	<u>3,775</u>

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		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cost	-	-	3,279	3,279
Accumulated depreciation	-	-	(362)	(296)
Carrying amount	<u>-</u>	<u>-</u>	<u>2,917</u>	<u>2,983</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

14 Fixed asset investments

	Notes	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Investments in subsidiaries	15	-	-	4,101	1,001

During the year the company made an additional £3.1m investment in Kings Security Systems Limited resulting in an addition to the investment in subsidiary.

The directors have reviewed the carrying value of investments in subsidiary undertakings and do not consider any additional provision for impairment is necessary (2018 - £1m).

Movements in fixed asset investments
Company

	Shares in group undertakings £'000
Cost or valuation	
At 1 November 2018	4,501
Additions	3,100
	<u>7,601</u>
At 31 October 2019	
Impairment	
At 1 November 2018 and 31 October 2019	3,500
	<u>4,101</u>
Carrying amount	
At 31 October 2019	4,101
	<u>1,001</u>
At 31 October 2018	1,001
	<u>1,001</u>

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

15 Subsidiaries

Details of the company's subsidiaries at 31 October 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dragnstore Ltd	*	Dormant **	Ordinary	100.00	-
Kings Secure Technologies Limited	*	Trading name of group	Ordinary	100.00	-
Kings Security Guarding Ltd	*	Dormant **	Ordinary	100.00	-
Kings Security Systems Limited	*	Installation and maintenance of intruder alarms and surveillance systems	Ordinary	100.00	-
Kings Training Academy Limited	*	Employee training	Ordinary	100.00	-
Manna Holdings Limited	*	Holding company **	Ordinary	100.00	-
U.K. Monitoring Limited	*	Provision of security monitoring services	Ordinary	-	100.00

* All subsidiaries have the following registered office:-

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

** Exempt from audit requirements, under the grounds of section 480 of the Companies Act 2006 relating to dormant companies.

16 Stocks

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,317	1,156	-	-
Work in progress	1,512	254	-	-
	<u>2,829</u>	<u>1,410</u>	<u>-</u>	<u>-</u>

Stocks are stated at historic cost. There is no material difference to the replacement cost.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

17 Debtors

	Group		Company	
	2019	2018	2019	2018
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	6,992	5,150	-	-
Corporation tax recoverable	13	38	13	13
Amounts owed by group undertakings	-	-	2,060	397
Other debtors	262	214	-	-
Prepayments and accrued income	1,729	751	-	7
	<u>8,996</u>	<u>6,153</u>	<u>2,073</u>	<u>417</u>

Amounts due to the bank invoice discount creditor are secured on the related trade debtors which amounted to £3,090,000 at the year-end (2018 - £2,926,000) and presented within creditors (note 18).

18 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	as restated £'000	£'000	£'000
Other loans	20	13	46	-	-
Invoice discount creditor	20	3,090	2,926	-	-
Obligations under finance leases	21	64	162	-	-
Trade creditors		4,110	2,432	-	-
Other taxation and social security		1,314	766	16	16
Other creditors		67	68	-	-
Accruals and deferred income		3,501	2,017	272	92
		<u>12,159</u>	<u>8,417</u>	<u>288</u>	<u>108</u>
Other loans		6,568	8,110	6,568	5,610
B Shares redemption premium		2,133	2,133	2,133	2,133
		<u>20,860</u>	<u>18,660</u>	<u>8,989</u>	<u>7,851</u>

The invoice discount creditor is secured by an all asset debenture, including first charge over book debts of Kings Security Systems Limited. Interest is charged at a rate of 3 month LIBOR plus 2.15%. The prior year invoice discount facility was fully repaid during the year and the company implemented a new invoice discount facility with Bank Leumi during the year.

The B shares liability of £2,133,000 (2018 - £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.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

19 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Obligations under finance leases	21	2	20	-	-
Other loans	20	-	13	-	-
		<u>2</u>	<u>33</u>	<u>-</u>	<u>-</u>

20 Borrowings

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Other loans	3,881	4,469	3,868	4,410
Amounts due to parent company	2,700	3,700	2,700	1,200
Invoice discount creditor	3,090	2,926	-	-
	<u>9,671</u>	<u>11,095</u>	<u>6,568</u>	<u>5,610</u>
Payable within one year	9,671	11,082	6,568	5,610
Payable after one year	-	13	-	-

Other loans include £3.87m due from KI Finance SARL. Interest is payable on £1.46m of the loans at 2.7% or 2.9% above LIBOR. Interest is payable on £2.41m 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.

The invoice discount creditor is secured by an all asset debenture, including a first charged over book debts. Interest is charge at a rate of 3 month LIBOR plus 2.15%.

21 Finance lease obligations

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Future minimum lease payments due under finance leases:				
Less than one year	64	162	-	-
Between one and five years	2	20	-	-
	<u>66</u>	<u>182</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance lease are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 12.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

22 Financial instruments

	Group	2018	Company	2018
	2019	as restated	2019	2018
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	7,253	5,364	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	19,482	17,681	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

23 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities	Liabilities
	2019	2018
	£'000	£'000
Group		
Accelerated capital allowances	241	242
Short term timing differences	(2)	(2)
Tax losses carried forward	(261)	(290)
Deferred tax on revaluation of property	22	50
	-	-
	-	-
	-	-
Company		
Accelerated capital allowances	9	8
Tax losses carried forward	(18)	(17)
Deferred tax on revaluation of property	9	9
	-	-
	-	-

The company has no deferred tax assets or liabilities.

The group has unused tax losses of £8,975,000 (2018 - £6,350,000) carried forward.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

24 Retirement benefit schemes		
	2019	2018
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>200</u>	<u>131</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £54,000 (2018 - £32,000) were payable to the schemes at the end of the period and were included in creditors.

25 Share capital		
	Group and company	
	2019	2018
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
3,900,459 (2018 - 1,507) Ordinary shares of £1 each	3,901	2
6 B Ordinary shares of £1 each (recognised as a liability)	<u>-</u>	<u>-</u>
Preferred share capital		
Issued and fully paid		
200,000,000 Preferred shares of 1p each	<u>2,000</u>	<u>2,000</u>

During the year, the company issued 3,898,952 Ordinary shares of £1 each at par by way of a rights issue.

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.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

26 Reserves

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve

The cumulative revaluation gains in respect property; except any revaluation gains or losses recognised in profit or loss.

Merger reserve

An accounting reserve which arises in group accounts on the application of Merger accounting to a business combination.

Capital redemption reserve

Represents nominal value of shares repurchased and cancelled by the company.

Other reserves

Represents preference shares of 150,000,000 issued at £0.01 each, by Kings Security Systems Limited, a subsidiary within the group, to Primekings Holding Limited, the immediate parent undertaking. The shares are non-cumulative and non-redeemable and have no voting rights.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

27 Cash generated from group operations

	2019	2018
	£'000	as restated £'000
Loss for the year after tax	(2,771)	(3,498)
Adjustments for:		
Taxation credited	-	(22)
Finance costs	697	683
Loss on disposal of tangible fixed assets	-	91
Amortisation and impairment of intangible assets	315	363
Depreciation and impairment of tangible fixed assets	480	530
Movements in working capital:		
(Increase) in stocks	(1,419)	(53)
(Increase)/decrease in debtors	(2,867)	811
Increase/(decrease) in creditors	3,873	(1,202)
Cash absorbed by operations	(1,692)	(2,297)

KINGS SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

28 Operating lease commitments

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	665	529	-	-
Between one and five years	1,054	385	-	-
In over five years	76	-	-	-
	<u>1,795</u>	<u>914</u>	<u>-</u>	<u>-</u>

29 Related party transactions

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

During the period the group made the following related party transactions:

Prime Interaction Limited

Included in administrative expenses is £144,000 (2018 - £120,000) charged by 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 £10,000 (2018 - £12,000) was payable to Prime Interaction Limited.

Primekings Holding Limited

Included in other loans are loans of £2,700,000 (2018 - £3,700,000) due to Primekings Holding Limited, the immediate parent undertaking, and a company with two common directors, B A Stiefel and R C Fisher. Interest is payable on the loan at 5%; the amount charged to interest in the year was £286,000 (2018 - £168,000). Included within accruals is £438,000 (2018 - £181,000) in relation to interest payable.

Cougar Monitoring Ltd

Included in administrative expenses is £3,645 (2018 - £nil) charged by Cougar Monitoring Limited, a company with common shareholders. There was £4,291 (2018 - £nil) outstanding at year end.

Additionally, included in sales is £16,509 (2018 - £nil) made to Cougar Monitoring Limited, there was no outstanding balance at year end.

KI Finance SARL

Included in other loans is £3,867,690 (2018 - £4,410,000) 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 £477,000 (2018 - £289,000). Included within accruals is £30,000 (2018 - £34,000) in relation to interest payable. Included in administration expenses is £100,000 (2018 - £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 £999,000 (2018 - £1,046,000).

KINGS SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

30 Immediate and ultimate controlling party

The immediate parent undertaking is PrimeKings Holding Limited, a company incorporated and 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

The Group provides critical infrastructure support services to a customer base that includes key organisations such as the Post Office, Supermarkets, banks and the police and has continued trading throughout the COVID lockdown period, with a continuation of improvements to Group profitability.

In response to the impact of the COVID-19 lockdown, and to ensure the business had adequate working capital liquidity, during April 2020 the Group was provided with a £3million working capital loan from its ultimate parent company PrimeKings Holdings Limited. £0.9million of this was used to fully repay the Bank Leumi invoice discount facility.

On 21 October 2020 the Group acquired the entire share capital of Silver (UK) Limited, funded from existing cash resources. Silver (UK) Limited is a leading provider of smoke ventilation and wider fire and security services in London and the South East region.

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.

KINGS SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

32 Accounting policies (Continued)

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 2019. 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.

Going concern

At 31 October 2019, the group had net current liabilities of £8.9m (2018 - £10.4m) and the company had net current liabilities of £6.9m (2018 - £7.4m). The group incurred a net loss after tax of £2.77m (2018 - £3.30m loss).

Since the balance sheet date the Group's immediate parent company PrimeKings Holdings Limited has provided additional loans totalling £5.05m to provide additional working capital and refinance the invoice discount facility. The Group expects to return to profit at EBITDA level, before exceptional costs, during the year ending 31 October 2020.

On 21 October 2020 the Board requested and were provided with a letter of support from KI Finance SARL which confirmed that there was no intention to call for repayment of the £3.9m loan made within 12 months of the date of approval of these financial statements. *The Group have enjoyed a good working relationship with KI Finance for several years with Mr B Stiefel a director of both companies. KI Finance SARL is fully aware of the Group's strategy and has been provided with the Group's business plan covering the period to October 2022. The Board do not therefore believe there will be any change in KI Finance SARL's intentions for the next 12 months from the date of signing these financial statements.*

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

32 Accounting policies (Continued)

The directors have prepared cash flow forecasts to incorporate their best estimate of the ongoing impact of COVID-19 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.

The Group provides critical infrastructure support services to key organisations such as the Post Office, Supermarkets, banks and the police and has continued trading throughout the lockdown period, with a continuation of improvements to profitability. This diversification of the Group's customer base away from high street retail over recent years will help to mitigate the risk from COVID-19.

However given the unpredictable nature and growing impact of the Covid-19 (Coronavirus) outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to predict the full extent of the impact on the Group and its customers which along with the matters outlined above may create a material uncertainty about the ability of the Group to continue as a going concern.

Despite this the business's medium and long-term strategy remains unchanged. The directors believe there are a number of mitigating options which would be available to provide additional sources of funding, should the need arise.

The directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and have therefore continued to adopt the going concern basis 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. The Directors have re-visited the basis of measurement on service and maintenance contracts which are now recognised on a straight-line basis over the life of the contracts. See note 2 for further details. 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
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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.

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.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

32 Accounting policies (Continued)

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.

KINGS SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

32 Accounting policies (Continued)

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.

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.

KINGS SOLUTIONS GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2019

32 Accounting policies (Continued)

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.

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. All research and development costs are written off as incurred.