

I.C.T.S. (U.K.) Limited
(Registered number 02143366)

Annual Report
For the year ended 31 December 2023

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I.C.T.S. (U.K.) Limited

Annual report

For the year ended 31 December 2023

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I.C.T.S. (U.K.) Limited

Directors and advisers

Directors

S Meirav
M S Homewood
A S Kynoch
A Dutt (appointed on 30th November 2023)

Company Secretary

M Skinner

Registered office

Tavistock House
Tavistock Square
London
United Kingdom
WC1H 9LG

Independent auditors

KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Bankers

Lloyds Bank Plc
4th Floor
25 Gresham Street
London
EC2V 7HN

Strategic report for the year ended 31 December 2023

The directors present their strategic report and the audited financial statements of the company and its subsidiaries (together, the 'group') for the year ended 31 December 2023.

Principal activities and review of business

The principal activity of the group in the year under review was the supply of security services through the provision of manpower mainly to the aviation industry, corporate sector and public institutions as well as continuing to provide clients with a solution for the detection of explosives, narcotics and other target substances by using trainer detection dogs and handlers. Additionally, clients are offered the opportunity for remote signal monitoring, intruder detection and visual and audio verification.

The results for the year show a profit for the financial year of £3,170k (2022: £2,321k) and revenue of £143,582k (2022: £112,899k).

Revenue for the core business has grown significantly during the year, surpassing pre-pandemic levels.

It remains the director's strategic plan to grow the business organically through client retention and new business.

The group's principal cost relates to staff. Staff cost pressures have continued significantly, driven by inflationary rises in the cost of living. Where possible, these increases in the company's cost have been transferred to our customers.

Business environment

The group is one of the three major suppliers of manpower security to the aviation industry in the UK and Ireland, but the appearance of aggressive new entrants has required the group to respond by enhancing its services through the use of technology.

In the non-aviation business, the group competes in a market which has witnessed steady growth. The group has been positioned well to benefit from this growth.

Strategic report for the year ended 31 December 2023 (continued)

Future Outlook

The group continues its strategy to improve market share within the corporate and aviation security markets, through further development within their current customer base as well as through winning contracts with new strategic clients to achieve a more balanced portfolio.

As a manpower provider, our staff's health and well-being continue to be paramount to us. The group continues to follow updated government guidelines to enable employees to work safely.

Principal risks and uncertainties

Competition

In certain sectors of the markets in which we provide services, price is the main driver in winning new business and in retaining existing contracts when they are due to be renewed. New entrants offering exceptionally competitive prices are likely to cause some erosion in our gross margin even if they do not win any new business. To combat this risk, we seek to identify performance efficiencies that might mitigate any loss of margin as well as building revenue streams from new products with higher margins.

Employees

The performance of the group is largely dependent upon the senior and local operational management teams. Any resignation or restructuring of key personnel and the inability to recruit suitably experienced replacements could adversely impact upon the performance of that business unit. To mitigate these issues the directors, maintain close communication and involvement with the managers in order to foster a "family" environment.

Supply chain

As manpower represents 94.8% of revenue, the group does not foresee significant risks from disruption to its non-labour supply chain. All such supplies are provided by more than one supplier, so alternatives are available.

In the year to December 2023, inflation reduced to 4% which alleviated pressures on the company's costs and margins. Throughout this time, the company also worked with its external stakeholders to maintain reasonable profit margins on contracts, taking into account increases in both Consumer Price Index and Minimum Wage Increases.

Customer Relationships

Our top 5 customers make up over 46% of revenue in 2023. The group is aiming to win new customers and grow revenues from others to reduce this reliance in the medium term.

Strategic report for the year ended 31 December 2023 (continued)

Key performance indicators ("KPIs")

Customer Relationships (continued)

The board monitors progress by reference to three KPIs:

	2023	2022	Definition and analysis
Growth / reduction in revenue (%)	27.2%	24.2%	Revenue has increased, due to new client contracts and contractual inflationary increases.
Total Staff costs / revenue (%)	78.1%	83.1%	Total staff costs as a percentage of revenue have decreased due to a increase in the amount of subcontracted labour employed.
Gross margin (%)	12.7%	12.9%	Gross margin is the ratio of gross profit expressed as a percentage of revenue. This has remained at a similar level as prior year showing a good control on costs.

Review of strategy and business model

In many sectors of the markets in which ICTS provide services, price is the main driver in winning new business and in retaining existing contracts when they are due to be renewed. New entrants offering exceptionally competitive prices are likely to cause some erosion in our gross margin even if they do not win any new business.

To combat this risk, we seek to identify performance efficiencies that might mitigate any loss of margin as well as building revenue streams from new products with higher margins.

As such, we chose to compete in market sectors that value innovative security solutions incorporating both human and technological capabilities, often customised to the client's own security environment.

The Board's Statement on s172(1)

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

Our group comprises a number of business units, all of which have extensive engagement with their own unique stakeholders as well as other businesses in the group. Management are empowered to make decisions at business unit level up to defined levels of cost and impact. This allows the individual business units to take account of the needs of their own stakeholders in their decision-making.

Strategic report for the year ended 31 December 2023 (continued)

The Board's Statement on s172(1) (Continued)

The leadership teams of each business unit make decisions with a long-term view in mind and with the highest standards of conduct in line with group policies. In order to fulfil their duties, the directors of each business and the group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Reports are regularly made to the group board by the business units about the strategy, performance and key decisions taken which provides the board with assurance that proper consideration is given to stakeholder interests in decision-making. At group level, the Board is well informed about the views of stakeholders. Details of the group's key stakeholders and how we engage with them are set out below.

Shareholders

We rely on the support of shareholders and their opinions are important to us. We have an open dialogue with our shareholders through regular meetings with their representative. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. Shareholder feedback is discussed by the Board and their views are considered as part of decision-making.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including employee surveys, forums, internal communities, newsletters and through our anonymous colleague concern line. Key areas of focus include health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

Customers

Our ambition is to deliver the best-in-class service to our customers. We build strong lasting relationships with our customers and spend considerable time with them to understand their needs and views. We also listen to them to understand how we can improve our service. We use this knowledge during our decision-making.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include innovation, efficiency and sustainability. The Board recognises that relationships with suppliers are important to the group's long-term success.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at a site level to raise awareness and funds. The key issues and themes across local communities are reported back to the Board. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of plastic and how this might be minimised.

Strategic report for the year ended 31 December 2023 (continued)

Inclusivity and Diversity

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability, with no discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises, and the continued employment and retraining of employees who become disabled whilst employed by the group.

Employees

We recognise that the employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The group communicates and engages with employees through a variety of mediums. These include, but are not limited to, direct conversations, emails, letters, and notices on boards. We factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

Gender of directors and employees

A breakdown at the end of the financial year on the number of persons of each sex by position is provided below:

	2023	2023	2022	2022
	Male	Female	Male	Female
Statutory Directors	4	0	3	0
Directors & Senior Managers	22	6	25	9
Employees	2,903	1,407	2,011	1,084

By order of the board



A Kynoch

Director

13/03/2024

Directors' report and Statement of Director's Responsibilities for the year ended 31 December 2023

The directors continuously consider the need to foster the company's business relationships with employees, suppliers, customers, and other key stakeholders. The effect on stakeholders is reviewed in detail during principal decision making. The board statement on s172(1) on page 6 details the groups approach.

The most significant matters have been those relating to the delivery of ongoing contracts, client operational matters, staff safety and welfare.

The directors present their report and the audited consolidated financial statements of the group for the year ended 31 December 2023.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income. On 31st December 2023, the board of directors approved a dividend of £1,477k payable to the parent company ICTS Europe SA (2022: £nil).

Financial risk management

The group's activities expose it to a variety of financial risks, including:

- **Price risk**

In the near term, the directors do not believe that the group is exposed to significant price risk as most of the services provided are on contracts which provide for annual price increases. Furthermore, the group has no exposure to equity securities price risk as it holds no listed or other equity investments. Whilst there are planned increases to the UK national living wage, the group will pay at least this level and anticipates that it will be able to pass these increases on to its customers.

- **Credit risk**

The group is currently facing a slightly higher risk from trade debtors than previous years, most specifically from the aviation clients. This is because restrictions on travel have reduced passenger numbers and flights, causing airports and airlines customers to delay payment. This has increased uncertainty of debt recoverability.

Additionally, the group continues to be exposed to the normal business risk of trade debtors defaulting on payment. The risk is lowered due to the wide spread of customers as well as their status mainly being blue-chip, multi-national or public bodies.

Outstanding debt is monitored closely with debt of 60 days overdue representing less than 0.5% of group revenue. The directors do not believe a default would have a significant impact on the group's financial performance.

Directors' report and Statement of Director's Responsibilities for the year ended 31 December 2023 (continued)

- Foreign currency exchange risk

The company is a subsidiary of ICTS Europe SA, which undertakes foreign exchange transactions with fellow subsidiary undertakings whose principal operations are conducted in Euros. As the functional currency of the ICTS Europe SA group is Euros, the group does not seek to mitigate its Euros exchange risk.

- Liquidity risk (funding risk)

The group does not foresee any risks associated with liquidity as it has adequate arrangements in place and maintains an effective credit control policy over its receivables.

- Interest rate risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earns interest at a fixed rate. Interest bearing liabilities include only amounts owed to group undertakings which accrue interest at a variable rate. Given the size and nature of these balances the group does not believe it is appropriate to use financial instruments to manage these.

Going concern

On the basis of their assessment of the group and company's financial position and resources, the directors believe that the company is well placed to manage its business risks and their financial impact on the group through existing banking facilities. Therefore, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group realised a profit after tax of £3,170k during the year and as at 31st December 2023 the group has net assets of £11,844k.

Directors

The Company has liability insurance covering the Directors and Officers of the Company and its subsidiaries.

The Directors of the company who held office during the year and up to the date of signing these Financial Statements were as follows:

S Meirav
M S Homewood
A S Kynoch
A Dutt

Directors' report and Statement of Director's Responsibilities for the year ended 31 December 2023 (continued)

Streamlined Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019. The table below represents the group's energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK for the year ended 31 December 2023. The company emissions increased in 2023 as the business expanded and passenger footfall in the Aviation sector returned to pre pandemic levels.

UK Greenhouse gas emissions and energy use data for the period 1 January 2023 to 31 December 2023.

Source	Emissions GHG (kgCO ₂ e)		UK Energy Consumption (kWh)	
	2023	2022	2023	2022
Scope 1: Controlled Vehicles	287,600	336,018	1,131,743	1,333,099
Scope 2: Electricity	3,600	4,650	17,393	24,044
Scope 3: Transport	56,300	93,240	228,194	370,994
	347,500	433,908	1,377,330	1,728,137

Intensity Ratio:

GHG (kgCO ₂ e) emitted per employee		kWh generated per employee	
2023	2022	2023	2022
81	140	320	552

SECR Methodology Statement 2023

The SECR submission has been compiled using the HM Government Environmental Reporting Guidelines.

Emissions have been grouped according to the GHG Reporting Protocol – Corporate Standard

We have used the following data sources for the report for the:

- Controlled Vehicles and Transport Data – Company mileage records and invoices.
- Electricity – Energy supplier billing.

Directors' report and Statement of Director's Responsibilities for the year ended 31 December 2023 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report[, strategic 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 they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

vLegislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors

During the year, KPMG, Chartered Accountants, were appointed auditor pursuant to Section 485 of the Companies Act 2006.

On behalf of the board



Director

13/03/2024



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Auditor's Report to the Members of ICTS (UK) Limited

We have audited the financial statements of I.C.T.S. (U.K.) LTD ('the Company') for the year ended December 31, 2023 set out on pages 17 to 42, which comprise the Consolidated statement of comprehensive income, Consolidated and company statement of financial position, Consolidated and company statement of changes in equity, and related notes, including the material accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of its consolidated comprehensive income for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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 the date 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.



Independent Auditor's Report to the Members of ICTS (UK) Limited (Continued)

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

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.



Independent Auditor's Report to the Members of ICTS (UK) Limited (Continued)

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report to the Members of ICTS (UK) Limited (Continued)

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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

14 March 2024

Niall Savage (Senior Statutory Auditor)
for and on behalf of
KPMG, Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	4	143,582	112,899
Cost of sales		(125,335)	(98,381)
Gross profit		18,247	14,518
Other operating income		-	366
Administrative expenses		(13,883)	(12,024)
Operating profit	7	4,364	2,860
Finance costs	8	(184)	(84)
Profit before tax		4,180	2,776
Corporation tax expense	9	(1,010)	(455)
Profit for the financial year		3,170	2,321

The above results relate to the continuing operations of the group.

The notes on pages 21 to 42 form part of these financial statements.

Statements of Financial Position as at 31 December 2023

		Group		Company	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10a	677	469	482	327
Intangible assets	10b	367	44	332	2
Investments	11	-	-	56	56
Non-current deferred tax asset	15	94	329	-	237
		1,138	842	870	622
Current assets					
Trade and other receivables	12	35,580	25,468	32,619	32,855
Current tax assets		900	398	823	-
Cash and cash equivalents		3,276	5,093	536	3,853
		39,756	30,959	33,978	36,708
Total assets		40,894	31,801	34,848	37,330
Equity					
Share capital	16	11	11	11	11
Share premium	17	699	699	699	699
Retained earnings	17	11,134	9,441	8,595	7,654
Total equity		11,844	10,151	9,305	8,364
Current liabilities					
Trade and other payables	13	28,865	21,135	25,489	28,693
Current tax liabilities		-	374	-	273
Deferred corporation tax liabilities		75	11	54	-
Long term liabilities	14	110	130	-	-
Total liabilities		29,050	21,650	25,543	28,966
Total equity and liabilities		40,894	31,801	34,848	37,330

The company's total comprehensive income for the year was £2,418k (2022: £1,876k).

The financial statements on pages 17 to 42 which comprise the Consolidated Statement of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Consolidated Statement of Cash Flows, and related notes were approved by the board of directors on 13/03/2024 and were signed on its behalf by:

M Homewood
Financial Director
Company Number: 02143366



Statements of Changes in Equity as at 31 December 2023

Group	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2021	11	699	7,120	7,830
Profit for Financial Year 2022	-	-	2,321	2,321
Balance at 31 December 2022	11	699	9,441	10,151
Profit for Financial Year 2023	-	-	3,170	3,170
Dividend Payment 2023	-	-	(1,477)	(1,477)
Balance at 31 December 2023	11	699	11,134	11,844

Company	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2021	11	699	5,778	6,488
Profit for Financial Year 2022	-	-	1,876	1,876
Balance at 31 December 2022	11	699	7,654	8,364
Profit for Financial Year 2023	-	-	2,418	2,418
Dividend Payment 2023	-	-	(1,477)	(1,477)
Balance at 31 December 2023	11	699	8,595	9,305

Consolidated Statement of Cash Flows as at 31 December 2023

	Note	2023 £'000	2022 £'000
Net Cash Generated from Operations	23	275	1,817
Interest Paid		(184)	(84)
Corporation Taxes Paid		(1,221)	(384)
Net Cash (used in) / from operating activities		(1,130)	1,349
Investing Activities			
Investment in Fixed Assets	10a	(348)	(131)
Investment in Intangible Assets		(339)	-
Net Cash used in investing activities		(687)	(131)
Net (decrease) / increase / in cash and cash equivalents		(1,817)	1,218
Cash and Cash Equivalents at beginning of year		5,093	3,875
Cash and Cash Equivalents at the end of year		3,276	5,093

Notes to the consolidated financial statements for the year ended 31 December 2023

1 General Information

I.C.T.S. (U.K.) Limited ('the Company') is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Tavistock House, Tavistock Square, London, United Kingdom, WC1H 9LG (registered number 02143366).

The principal activity of the group is the supply of security services through the provision of manpower mainly to the aviation industry and corporate institutions, along with offering clients the opportunity for remote signal monitoring, intruder detection and visual and audio verification services. As well as continuing to provide clients with a solution for detection of explosives, narcotics, and other target substances by using trainer detection dogs and handlers.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in "Critical accounting judgements and key sources of estimation uncertainty" section below.

(b) Going concern

On the basis of their assessment of the group and company's financial position and resources, the directors believe that the company is well placed to manage its business risks and their financial impact on the group through existing banking facilities. Therefore, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group realised a profit after tax of £3,170k during the year and as at 31st December 2023 the group has net assets of £11,844k.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(c) Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- (i) Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- (ii) Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- (iii) 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.
- (iv) Section 33 'Related Party Disclosures' – Compensation for key management personnel. The financial statements of the company are consolidated in these financial statements

(d) Basis of consolidation

The consolidated financial statements incorporate those of I.C.T.S. (U.K.) 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 the 31 December 2023.

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.

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.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial year.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(d) Basis of consolidation (continued)

The subsidiary Advanced Signal Monitoring LTD, the results of which are consolidated within these financial statements, is exempt from the requirement of the Companies Act 2006 relating to the audit of the individual accounts under section 479A of the Companies Act 2006. The parent company has provided a guarantee in respect of the liabilities arising in that subsidiary so it can take the s479A exemption from audit for the year ended 31 December 2023.

(e) Foreign currency

(i) *Functional and presentation currency*

The group's functional and presentation currency is the pound sterling.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rate ruling at the date of the transactions. At each period end foreign currency monetary items are translated using the rate of exchange ruling at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(f) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities, recognised at the date of provision of these goods and services to customers. Revenue also includes recharge of costs incurred to other group companies for services provided to the group by employees of the company. Revenue is shown net of value added tax, rebates, and discounts.

(g) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

(ii) *Defined contribution pension plans*

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the reporting date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable, taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(i) Intangible assets

Intangible assets purchased are recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their expected useful economic lives of three to five years.

The economic useful life and the amortisation method are reviewed at each financial year-end.

The assets are reviewed for impairment at each financial year-end following the date of recognition.

(i) Goodwill

Goodwill is the excess of the consideration transferred over the fair value of the acquired assets and assumed liabilities in a business combination. Goodwill is amortised over 10 years and annually tested for impairment.

(j) Property, plant and equipment

Property, plant and equipment are recorded at cost plus incidental expenses less any provision for impairment/depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all property, plant, and equipment over their expected useful lives at the following rates:

Short leasehold improvements	– straight line over the expected term of the lease
Plant and machinery	– 15 % straight line
Motor vehicles	– 25 % straight line
Fixtures and fittings	– 25 % straight line
Security dogs	– 20 % straight line
Computers	– 25 % straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance, and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the consolidated statement of comprehensive income and included in 'Administrative Expenses'.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(k) Leased assets

At inception, the company assesses agreements that transfer the right-to-use asset. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risk and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the consolidated statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The group has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014). The group continues to credit such lease incentives to the consolidated statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

(l) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(l) Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

(m) Investments in subsidiary companies

Investment in subsidiary companies are held at historical cost less accumulated impairment losses.

(n) Cash and cash equivalents

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

(o) Financial instruments

The company has chosen to apply the provisions of sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Classification

The company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, and measured at amortised cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(ii) Measured at amortised costs

Receivables, payables, and loans due to/from related undertakings are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets and liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets and liabilities.

(iii) Recognition and Measurements

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value,

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

(iv) Recognition and Measurements (continued)

and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within interest income or expenses in the period in which they arise.

The company does not hold any derivative financial instruments.

(v) Impairment

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the consolidated statement of comprehensive income. If there is 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 the consolidated statement of comprehensive income.

(vi) De-recognition

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(vii) Offsetting

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

(p) Related party transactions

The company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and has therefore not disclosed related party transactions with entities that are part of the ICTS Europe S.A. group of companies.

For details of other related party transactions see note 19.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of significant accounting policies (continued)

(q) Government grants

No government grants were received in the year. In 2022, the Group received a discretionary cash grant of £366k from the Irish government as part of the Employment Wage Subsidy Scheme (EWSS) which ended on 31st May 2022.

(r) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Impairment of trade receivables*

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the trade and other receivables and associated impairment provision.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4 Revenue

Analysis by geographical market of group revenue:	2023	2022
	£'000	£'000
United Kingdom	126,759	105,815
Europe	16,823	7,084
	143,582	112,899

Revenue is wholly attributable to the principal activity of the group.

5 Employee information

Staff costs (including directors) for the group consist of:

	2023	2022
	£'000	£'000
Wages and salaries	100,031	83,276
Social security costs	9,588	8,363
Other pension costs (note 20)	2,475	2,216
	112,094	93,855

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

5 Employee information (continued)

The average monthly number of group employees (including directors) during the year was as follows:

	2023	2022
	Number	Number
Uniformed staff	4,220	3,040
Administrative staff	122	92
Total average number of employees	4,342	3,132

6 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services for the group were;

	2023	2022
	£'000	£'000
Aggregate remuneration	509	470
Total directors' remuneration	509	470

Contributions to defined contribution schemes of £48,773 have been accrued in 2023 in respect of directors' remuneration.

The total amount payable to the highest paid director in respect of remuneration was £259K (2022: £236k).

One director (2022: 1) is remunerated by the wider ICTS Europe SA group, and it is not practical to determine an allocation relating to I.C.T.S. (U.K.) Limited.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

7 Operating profit

This is arrived at after charging	2023 £'000	2022 £'000
Depreciation of property, plant and equipment – owned assets	140	181
Amortisation of intangibles	16	8
Operating lease charges	1,131	914
Tax services	22	22
Auditors' remuneration – audit	96	124
Exchange gain	(20)	(91)

8 Finance costs

	2023 £'000	2022 £'000
Bank charges	40	10
Interest payables on loans to group undertakings	30	22
Interest payable on bank loans and overdrafts	78	52
Interest payable on Corporation Tax	36	-
	184	84

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

9 Corporation tax expense

	2023 £'000	2022 £'000
Current tax:		
Corporation tax on profits of the year	710	479
Corporation tax on historic profits	-	-
Total corporation current tax	710	479
Deferred tax:		
Other short term timing differences	300	(24)
Total deferred tax (note 15)	300	(24)
Total tax on profit	1,010	455

The tax assessed for the year is at the standard rate of corporation tax in the UK of 25.00% and 12.5% for the Irish subsidiary (2022: UK 19.0% and 12.5% Ireland).

	2023 £'000	2022 £'000
Profit / (loss) before corporation tax	4,180	2,778
Profit before corporation tax at the standard rate of corporation tax in the UK of 25.00% (2022: UK 19.0%)	1,045	528
Effect of:		
Expenses not deductible for tax purposes	20	16
Trading losses utilised	-	(54)
Fixed asset differences	(145)	6
Pension deductible	10	52
Provision release	174	-
Group relief claimed	48	211
Payment for group relief claimed	(48)	(211)
Difference in tax rate for different countries	(94)	(93)
Total corporation tax expense for the year	1,010	455

The tax payable for the year has increased by £548k (2022: reduced by £211k), due to there being less group losses available from fellow subsidiaries for which a payment of £48k (2022: £221k) will be made. This amount is included within amounts owed to group undertakings.

From 1 April 2023, the 19% tax rate will cease to apply and will be replaced by variable rates ranging from 19% to 25%.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

10a Property, plant, and equipment

Group	Short leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Security Dogs £'000	Total £'000
Cost							
At 1 January 2023	296	1,026	1,288	3,973	109	91	6,783
Additions	-	86	12	191	22	37	348
At 31 December 2023	296	1,112	1,300	4,164	131	128	7,131
Accumulated Depreciation							
At 1 January 2023	296	869	1,279	3,694	107	69	6,314
Charge for year	-	43	6	68	4	19	140
At 31 December 2023	296	912	1,285	3,762	111	88	6,454
Net book value							
At 31 December 2023	-	200	15	402	20	40	677
At 31 December 2022	-	157	9	279	2	22	469

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

10a Property, plant, and equipment (continued)

Company	Short leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2023	296	835	1263	3965	109	6,468
Additions	-	36	7	184	12	239
At 31 December 2023	296	871	1,270	4,149	121	6,707
Accumulated Depreciation						
At 1 January 2023	296	793	1,256	3,689	107	6,141
Charge for year	-	11	4	67	2	84
At 31 December 2023	296	804	1,260	3,756	109	6,225
Net book value						
At 31 December 2023	-	67	10	393	12	482
At 31 December 2022	-	42	7	276	2	327

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

10b Intangible assets

Software	Group £'000	Company £'000
Cost		
At 1 January 2023	386	386
Additions	339	339
At 31 December 2023	725	725
Accumulated amortisation		
At 1 January 2023	384	384
Charge for the year	9	9
At 31 December 2023	393	393
Net book value		
At 31 December 2022	2	2
At 31 December 2023	332	332
Goodwill	Group £'000	Company £'000
Cost		
At 1 January 2023	70	-
Additions	-	-
At 31 December 2023	70	-
Accumulated amortisation		
At 1 January 2023	28	-
Charge for the year	7	-
At 31 December 2023	35	-
Net book value		
At 31 December 2022	42	-
At 31 December 2023	35	-
Total Intangible Assets		
At 31 December 2022	44	2
At 31 December 2023	367	332

The amortisation of intangible assets has been included in the administrative expenses in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

11 Investments

Company

Cost and net book value	£'000
At 1 January 2023	56
At 31 December 2023	56

The company investment of subsidiaries remains £56k in 2023 (2022: £56k). The group investment balance has been eliminated during consolidation.

The company has the following subsidiaries:

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
ICTS (Ireland) Ltd	100	Ireland	Provision of Security Services
Diagnose UK Ltd	100	UK	Canine Security
Advanced Signal Monitoring Ltd	100	UK	Monitoring Services

The Registered office for Diagnose UK Limited, I.C.T.S. (U.K.) Limited and Advanced Signal Monitoring Ltd is Tavistock House, Tavistock Square, London, WC1H 9LG.

The Registered office for ICTS (Ireland) Ltd is Office 15, Second Floor, Link Building Terminal 1, Dublin Airport, Ireland.

12 Trade and other Receivables

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade receivables	14,409	10,703	10,672	9,953
Amounts owed by group undertakings	4,389	2,377	8,198	11,316
Other receivables	574	820	386	631
Prepayments	848	1,030	740	982
Accrued income	15,360	10,538	12,623	9,973
	35,580	25,468	32,619	32,855

Amounts owed by group undertakings are unsecured, have no fixed payment date with interest being paid on a quarterly basis at EURIBOR + 1.5 %.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

13 Trade and other Payables

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade payables	749	1,180	511	1,034
Amounts owed to group undertakings	5,811	3,802	5,407	12,497
Other payables	8,762	7,351	7,928	7,068
Other Tax and social security	12,709	7,681	10,955	7,150
Accruals and deferred income	834	1,121	688	944
	28,865	21,135	25,489	28,693

The company has a bank facility secured against the assets of the company. The facility bears interest at 1.95% above the BoE Base Rate. This facility is ongoing and reviewed yearly. Amounts owed to group undertakings are unsecured, have no fixed payment date with interest being paid on a quarterly basis at EURIBOR + 1.5%.

14 Long term liabilities

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loan	110	130	-	-
	110	130	-	-

Advanced Signal Monitoring Ltd, a member of the group, has a loan payable over 10 years, expiring November 2028.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

15 Deferred tax

	Group		Company	
Group and company	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Losses carried forward	94	91	0	-
Capital allowances in excess of depreciation	-	(24)	(162)	(25)
Other short term timing differences	-	262	108	262
Total deferred tax non-current assets / (current liabilities)	94	329	(54)	237
At 1 January	329	305	237	189
Deferred tax credit/(charge) in consolidated statement of comprehensive income (note 9)	(235)	24	(183)	48
At 31 December	94	329	(54)	237

16 Called up share capital

Group and Company	2023	2022
	£'000	£'000
Authorised		
20,000 (2022: 20,000) ordinary shares of £1 each	20	20
Allotted, issued and fully paid		
10,000 (2022: 11,000) ordinary shares of £1 each	11	11

There is a single class of ordinary shares all with equal rights. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

17 Reserves

Group and Company	Share premium account £'000
Balance at 1 January 2022, 31 December 2022 and 31 December 2023	699

Reserves of the company and group represent the following:

Share premium account

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

Retained earnings

Cumulative profit and loss net of distributions to owners.

18 Commitments under operating leases

The group and company had the following future minimum lease payments under non-cancellable operating leases for each of the following payments:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Payments due				
Not later than one year	805	549	691	524
Later than one year and not later than five years	1,252	1,286	979	1,186
Later than five years	-	21	-	-

19 Related party disclosures

The company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and has decided not to disclose transactions with members of the group headed by ICTS Europe SA.

As at 31 December 2023 there were no outstanding loans due from group directors. Furthermore, the company made sales of £1k (2022: £1k) from a related party under a distribution agreement with the company. A director of ICTS Europe SA is also a director of this related party. These transactions were conducted at arm's length. At the year end the company was owed £nil from this related party.

20 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Pension costs charged during the year were £2,475k (2022: £2,216k), of which £431k was outstanding as at 31 December 2023 (in 2022 £866K was outstanding).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

21 Key management personnel

The total remuneration of the directors, who are considered to be the key management personnel of the group, was £509k (2022: £470k).

22 Financial instruments

The carrying amount of the Group's financial instruments as at 31 December was:

	2023 £'000	2022 £'000
Financial assets:		
Debt instruments measured at amortised cost	35,115	14,299
Financial liabilities:		
Measured at amortised cost	16,157	13,452

23 Reconciliation of profit after tax to net cash generated from operations

	Note	2023 £'000	2022 £'000
Profit for the financial year		3,170	2,321
Adjustments for :			
Taxation		1,010	455
Finance Cost	8	184	84
Depreciation	10a	140	181
Amortisation	10b	16	8
Non-current deferred tax asset		(1,533)	(24)
Movement in Working Capital:			
(Increase) in Receivables		(10,112)	(4,630)
Increase in Payables		7,400	3,422
Net Cash Generated from Operations		275	1,817

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

24 Contingent Liability

The group is undergoing an audit of its tax affairs in the Republic of Ireland. There is significant uncertainty in the potential liability of the audit as there is a wide range of potential outcomes. Furthermore, there is significant uncertainty in the timing of the conclusion. To date, the company has made payments totalling £1m to the Irish Revenue.

25 Ultimate parent company and ultimate controlling party

The immediate parent undertaking and smallest group to consolidate these financial statements is ICTS Europe SA, which is incorporated in France.

The ultimate parent undertaking, controlling party and parent of the largest group to consolidate these financial statements was Groupe Sofinord SA, a company incorporated in France with an undertaking to consolidate these financial statements. The consolidated financial statements of Groupe Sofinord SA are available from RCS Paris registered under company number 330 673 591.

26 Guarantees

There is a cross guarantee in place between the parent company and its subsidiary, Advanced Signal Monitoring LTD that exempts that company from audit under section 479A of the Companies Act 2006.