

Company Registration No. 04670432 (England and Wales)

GUARDING UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

GUARDING UK LIMITED

COMPANY INFORMATION

Director	Mr M Rust
Company number	04670432
Registered office	249 Cranbrook Road Ilford Essex IG1 4TG
Auditor	Leibovitch & Co 249 Cranbrook Road Ilford Essex IG1 4TG

GUARDING UK LIMITED

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GUARDING UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The director presents the strategic report for the year ended 31 March 2021.

Year End Accounts

Strategic overview

This last year has been challenging and has been primarily driven by the global impact of the Pandemic and uncertainty this has caused to all business nationally. Guarding UK Ltd has however performed well against this unprecedented backdrop, largely through successful strategic leadership. Our policy of longer-term investment and financial stability over short-term profit ensured financial liquidity and robustness during this turbulent time. The company remains wholly in private ownership.

Our strategic plan remains unchanged with a focus on sustainable, profitable growth. As a full security and service company our core services remain manned security, reception and concierge, mobile response and support, complemented by technical security protection. Our strategy, which seeks to anticipate and respond to evolving changes in the security industry and those of our clients, will continue to evolve in line with Post-pandemic impacts, industry and changing business needs.

Whilst short-term growth forecasts have been revised in line with our emergence from the Pandemic, there is considerable optimism around future growth and success. Our aviation division has seen the most significant impact, in line with retraction and uncertainty in the aviation industry as a whole. Elsewhere we have strengthened client relationships through this period and this is reflected in our client retention success. Looking ahead to risks and uncertainties in the near future, we have identified two areas of focus - Price competition as the market is very price sensitive and highly competitive. Resourcing, retention and rising labour costs. Our strategy will be centric to these and we continue to mitigate these risks through our people approach to reward and recognition, Investing and development.

Performance 2020 - 2021

Turnover for the year has remained steady and held up well against the previous year in spite of the uncertainties of Covid. As expected operating divisions were impacted in different ways and this is largely due to the nature of the service itself. Whilst the Company as a whole has navigated the Pandemic well, aviation services have been significantly affected in line with the aviation industry as a whole.

The focus this year has continued to be cost control and cash flow management with good communication and responsiveness to customers and clients changing needs and uncertainties.

Debtors

Debtors are recovered on a timely basis with aged debt at its lowest for several years. This ensured good cashflow. In general, the cash position remains good and the company meets all its liabilities. Bad debts and their control and management remain a risk, particularly given the current wider economic climate.

Our People

People are at the heart of our business and this has been a challenging year. As a people centric business attracting, retaining and motivating great employees is increasingly crucial for our industry. The effectiveness of this and the reward, development and care for our diverse workforce not only delivers growth but is the pillar for our vision as a leading security and services company.

Introducing new technology to support our internal communication strategy proved resourceful and timely for this challenging year. Our employee engagement platform has been a critical tool in ensuring key communications, messages and Covid-19 protocols and procedures were planned and communicated in real time. Employees are kept informed of company performance and objectives providing a wide range of information and is an important communication tool for policies, procedures and sharing information. Our new digital training platform launched last year supports our strategy to deliver blended e-learning to a predominately remote team of people across the UK.

During these challenging times the priority continues to be the safety of our people, and local communities. Alongside physical safety measures, we also stepped up investment into our mental wellbeing support for our colleagues and their families to manage COVID-19's impact on everybody's daily lives. The Employee Assistance Helpline offers employees and their family counselling, emotional support and practical advice on personal, family and workplace issues.

GUARDING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

This year we have had the opportunity to truly listen and consider how we ensure everyone feels welcome, valued and included as part of our Diversity and Inclusion Strategy. The introduction of our dignity at work policy consciously continues to acknowledge our diverse and inclusive culture enhancing engagement among our colleagues and clients.

Investing in Process and Systems

Investment in internal processes and systems has continued to deliver efficiencies and improvements. Investing in technological solutions that improves operational efficiency and revenue growth remains a commitment.

Sustainability, Community and Environment

GUK has formally committed to net zero carbon. We were an early signatory to the Carbon Off-set scheme and are carbon neutral. We have engaged an independent and recognized environmental and sustainability company to provide strategic support and tactical advice in the areas of energy efficient alternatives, internal drives to reduce waste and in our fleet of vehicles and their running.

The Company is committed to supporting local communities and wherever possible reducing its impact on the environment through a number of initiatives. Our teams are encouraged to support and engage in volunteering activities and as a Company, we support organisations through donations and fundraising activities

Looking Ahead

GUK is a full service security company and has demonstrated its ability to successfully navigate a challenging year. The demand for security services remains high and we have a strong and growing presence. Our strength in being agile, proactive and adaptable with an emphasis on great customer experience is what sets us apart. Delivering solutions and value for money for our clients remains at the forefront of our approach.

On behalf of the board

Mr M Rust

Director

13 December 2021

GUARDING UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The director presents his annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of Security and Services.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

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

Mr M Rust

Disabled persons

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

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditors, Leibovitch & Co, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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 respect of fair review of the business, principal risks and uncertainties, key performance indicators and post balance sheet events.

GUARDING UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr M Rust

Director

13 December 2021

GUARDING UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 period. In preparing these financial statements, the director is 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 company will continue in business.

The director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GUARDING UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUARDING UK LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

GUARDING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GUARDING UK LIMITED

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for 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 the director either intends to liquidate the company or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
 - Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
 - Reviewing minutes of meetings of those charged with governance.
 - Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
 - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

GUARDING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GUARDING UK LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 him 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.

Barry Leibovitch (Senior Statutory Auditor)
For and on behalf of Leibovitch & Co

13 December 2021

Chartered Accountants
Statutory Auditor

249 Cranbrook Road
Ilford
Essex
IG1 4TG

GUARDING UK LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	3	28,758,081	28,863,174
Cost of sales		(24,221,761)	(24,263,280)
Gross profit		4,536,320	4,599,894
Administrative expenses		(3,944,009)	(4,431,379)
Operating profit	5	592,311	168,515
Investment income	8	2,902	1,774
Finance costs	9	(2,973)	(36,086)
Profit before taxation		592,240	134,203
Tax on profit	10	(117,570)	(54,276)
Profit for the financial year		474,670	79,927

The income statement has been prepared on the basis that all operations are continuing operations.

GUARDING UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	474,670	79,927
Other comprehensive income	-	-
Total comprehensive income for the year	<u>474,670</u>	<u>79,927</u>

GUARDING UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Property, plant and equipment	11		55,374		86,778
Current assets					
Trade and other receivables	12	7,447,803		6,732,303	
Cash and cash equivalents		525,460		158,312	
		<u>7,973,263</u>		<u>6,890,615</u>	
Current liabilities	13	<u>(4,558,231)</u>		<u>(3,975,690)</u>	
Net current assets			3,415,032		2,914,925
Total assets less current liabilities			<u>3,470,406</u>		<u>3,001,703</u>
Provisions for liabilities					
Deferred tax liability	14	10,521		16,488	
		<u>10,521</u>	(10,521)	<u>16,488</u>	(16,488)
Net assets			<u>3,459,885</u>		<u>2,985,215</u>
Equity					
Called up share capital	16		100		100
Retained earnings			<u>3,459,785</u>		<u>2,985,115</u>
Total equity			<u>3,459,885</u>		<u>2,985,215</u>

The financial statements were approved and signed by the director and authorised for issue on 13 December 2021

Mr M Rust
Director

Company Registration No. 04670432

GUARDING UK LIMITED

STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 MARCH 2021**

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2019	100	2,905,188	2,905,288
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	79,927	79,927
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	100	2,985,115	2,985,215
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	474,670	474,670
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	100	3,459,785	3,459,885
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GUARDING UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		369,777		(10,544)
Interest paid			(2,973)		(36,086)
Income taxes paid			(1,808)		(52,697)
Net cash inflow/(outflow) from operating activities			364,996		(99,327)
Investing activities					
Proceeds on disposal of intangibles		-		(50)	
Purchase of property, plant and equipment		(750)		(10,088)	
Receipts from associates		-		50	
Receipts arising from loans made		-		1,104	
Interest received		2,902		1,774	
Net cash generated from/(used in) investing activities			2,152		(7,210)
Net increase/(decrease) in cash and cash equivalents			367,148		(106,537)
Cash and cash equivalents at beginning of year			158,312		264,849
Cash and cash equivalents at end of year			525,460		158,312

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Guarding UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 249 Cranbrook Road, Ilford, Essex, IG1 4TG.

1.1 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.

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 £.

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

The financial statements present information about the company as an individual entity and not about its group.

Guarding UK Limited is a wholly owned subsidiary of PSSG Group Ltd and the results of Guarding UK Limited are included in the consolidated financial statements of PSSG Group Ltd.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Turnover represents amounts receivable for services net of VAT and trade discounts.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Fixtures, fittings & equipment	25% Reducing balance
Computer equipment	SL over 3 years

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.

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

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

1.7 Financial instruments

The company 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 in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 receivables 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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 company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the 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 company.

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 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 non-current 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.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

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 leases asset are consumed.

1.14 Government grants

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

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

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

3 Revenue

An analysis of the company's revenue is as follows:

	2021 £	2020 £
Revenue analysed by class of business		
Sales	27,860,777	28,863,174
Coronavirues Job Retention Scheme Grant	897,304	-
	<u>28,758,081</u>	<u>28,863,174</u>
Other significant revenue		
Interest income	2,902	1,774
	<u>2,902</u>	<u>1,774</u>

4 Exceptional item

	2021 £	2020 £
Income		
Exceptional item - coronavirus job retention scheme grant	897,304	-
	<u>897,304</u>	<u>-</u>

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	8,000
Depreciation of owned property, plant and equipment	32,154	48,580
Profit/(loss) on disposal of intangible assets	-	50
Operating lease charges	270,760	269,397
	<u>270,760</u>	<u>269,397</u>

6 Employees

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

	2021 Number	2020 Number
Director	1	1
Administrative	45	53
Reception	83	65
Aviation	2	49
Control room	4	8
Mobile drivers	39	28
Guards	525	567
Tech	4	-
Total	<u>703</u>	<u>771</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	20,823,745	20,394,394
Social security costs	1,982,754	1,918,947
Pension costs	370,950	381,692
	<u>23,177,449</u>	<u>22,695,033</u>

7 Director's remuneration

	2021 £	2020 £
Remuneration for qualifying services	<u>200,000</u>	<u>332,272</u>

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Investment income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	2,902	1,420
Other interest income	-	354
	<u>2,902</u>	<u>1,774</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>2,902</u>	<u>1,420</u>
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9 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on invoice finance arrangements	<u>2,973</u>	<u>36,086</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	<u>123,537</u>	<u>61,589</u>
Deferred tax		
Origination and reversal of timing differences	<u>(5,967)</u>	<u>(7,313)</u>
	<u>117,570</u>	<u>54,276</u>

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	592,240	134,203
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	112,526	25,499
Tax effect of expenses that are not deductible in determining taxable profit	5,044	41,173
Group relief	-	(12,396)
Permanent capital allowances in excess of depreciation	5,967	7,313
Deferred tax adjustments in respect of prior years	(5,967)	(7,313)
Taxation charge for the year	117,570	54,276

11 Property, plant and equipment

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2020	202,693	92,344	295,037
Additions	750	-	750
At 31 March 2021	203,443	92,344	295,787
Depreciation and impairment			
At 1 April 2020	129,611	78,648	208,259
Depreciation charged in the year	18,458	13,696	32,154
At 31 March 2021	148,069	92,344	240,413
Carrying amount			
At 31 March 2021	55,374	-	55,374
At 31 March 2020	73,082	13,696	86,778

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Trade and other receivables

	2021	2020
	£	£
Amounts falling due within one year:		
Trade receivables	6,950,304	6,190,655
Amounts owed by group undertakings	157,854	197,811
Other receivables	29,055	106,715
Prepayments and accrued income	310,590	237,122
	<u>7,447,803</u>	<u>6,732,303</u>

13 Current liabilities

	2021	2020
	£	£
Trade payables	689,116	830,551
Amounts due to subsidiary undertaking	126,930	86,962
Corporation tax	123,538	1,809
Other taxation and social security	1,296,840	1,503,545
Other payables	643,532	64,202
Accruals and deferred income	1,678,275	1,488,621
	<u>4,558,231</u>	<u>3,975,690</u>

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
ACAs	<u>10,521</u>	<u>16,488</u>
		2021
		£
Movements in the year:		
Liability at 1 April 2020		16,488
Credit to profit or loss		(5,967)
Liability at 31 March 2021		<u>10,521</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	370,950	381,692

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
"A" Ordinary shares of £1 each	70	70	70	70
"B" Ordinary shares of £1 each	30	30	30	30
	100	100	100	100

17 Operating lease commitments

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

	2021	2020
	£	£
Within one year	120,638	201,346
Between two and five years	50,759	137,543
	171,397	338,889

18 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	721,652	744,250

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due to related parties		

Other related parties	86,962	86,962
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	2021 £	2020 £
Amounts due from related parties		

Entities with control, joint control or significant influence over the company	157,854	197,811
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19 Ultimate controlling party

The parent company is PSSG Group Limited, a company registered in England and Wales. The ultimate controlling party is M Rust.

The entity is consolidated into the annual report and financial statements of PSSG Group Limited, a company registered in England and Wales.

20 Cash generated from/(absorbed by) operations

	2021 £	2020 £
Profit for the year after tax	474,670	79,927
Adjustments for:		
Taxation charged	117,570	54,276
Finance costs	2,973	36,086
Investment income	(2,902)	(1,774)
(Gain)/loss on disposal of intangible assets	-	50
Depreciation and impairment of property, plant and equipment	32,154	48,580
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(715,500)	2,695,690
Increase/(decrease) in trade and other payables	460,812	(2,923,379)
Cash generated from/(absorbed by) operations	369,777	(10,544)

GUARDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Analysis of changes in net funds

	1 April 2020	Cash flows 31 March 2021	
	£	£	£
Cash at bank and in hand	158,312	367,148	525,460
	<u> </u>	<u> </u>	<u> </u>

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