Interphone Limited

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Company Number: 00692333

Interphone Limited
COMPANY INFORMATION
31 December 2019

DIRECTORS

J J Synett
R M Unsworth
M D Watson
A S Fitzpatrick

REGISTERED OFFICE

5th Floor
Leconfield House
Curzon Street
London
W1J 5JA

AUDITOR

RSM UK Audit LLP
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

BANKERS

Bank of Scotland
PO Box 267
38 Threadneedle Street
London
EC2P 2EM

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activities of the company are the maintenance and upgrade of security systems in the commercial residential sector coupled with the on-going management of the company's long term rental portfolio.

BUSINESS REVIEW

The board reports a profit after taxation of £653,311 (2018: £515,065).

The company continues to receive substantial revenues from its long-term contract portfolio and cash flow has remained strong.

In the opinion of the directors, the result for the year and the financial position of the company at 31 December 2019 were satisfactory. The dividends paid in respect of the current year and prior year are disclosed in Note 12 of the financial statements.

COVID-19

On 11 March 2020, the World Health Organisation declared the global COVID-19 situation a pandemic. On 23 March 2020, the Prime Minister of the UK instructed British people to stay at home, other than for four specific and limited reasons. There remains significant uncertainty as to the extent and duration of the global economic impact. The directors are constantly monitoring the situation and are taking all necessary steps to minimise the impact on the business.

DIRECTORS

The following directors have held office since 1 January 2019:

J J Synett
R M Unsworth
M D Watson
A S Fitzpatrick (appointed 21 February 2020)

AUDITOR

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the directors are aware, there is no relevant information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

J Synett
Director

…. September 2020

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Interphone Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERPHONE LIMITED

Opinion

We have audited the financial statements of Interphone Limited (the 'company') for the year ended 31 December 2019 which comprise a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERPHONE LIMITED (continued)

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 directors' report.

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

CAROLINE WATSON ACA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

….. September 2020

Interphone Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	**2019**	2018
		£	£
TURNOVER	*5*	**3,779,790**	4,120,516
Cost of sales		**(1,426,752)**	(1,625,504)
GROSS PROFIT		**2,353,038**	2,495,012
Operating expenses		**(1,668,913)**	(1,562,903)
OPERATING PROFIT		**684,125**	932,109
Interest payable and similar expenses	*6*	**(4,892)**	(5,793)
Interest receivable and similar income	*7*	**4,396**	1,570
PROFIT BEFORE TAXATION		**683,629**	927,886
Taxation	*11*	**(30,318)**	(412,821)
PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		**653,311**	515,065
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**653,311**	515,065

Interphone Limited

STATEMENT OF FINANCIAL POSITION (Company Registration Number: 00692333)
At 31 December 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	*13*	**-**	-
Tangible assets	*14*	**29,445**	74,275
		29,445	74,275
CURRENT ASSETS			
Inventories	*15*	**67,944**	136,376
Debtors due within one year	*16*	**4,367,551**	5,707,309
Debtors due after more than one year	*16*	**1,401,158**	1,950,464
Cash at bank in hand		**506,621**	273,034
		6,343,274	8,067,183
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	*18*	**(3,168,845)**	(3,575,895)
NET CURRENT ASSETS		**3,174,429**	4,491,288
TOTAL ASSETS LESS CURRENT LIABILTIES		**3,203,874**	4,565,563
NET ASSETS		**3,203,874**	4,565,563
CAPITAL AND RESERVES			
Called up share capital		**20,000**	20,000
Profit and loss account		**3,183,874**	4,545,563
TOTAL EQUITY		**3,203,874**	4,565,563

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 6 to 21 were approved by the directors and authorised for issue on 2020 and are signed on its behalf by:

J Synett
Director
…. September 2020

	Share capital	Profit & loss account	Total
	£	£	£
Balance at 1 January 2018	20,000	4,373,348	4,393,348
Year ended 31 December 2018**:**			
Profit and total comprehensive income for the year	-	515,065	515,065
Transactions with owners in their capacity as owners:-			
Dividends	-	(342,850)	(342,850)
Balance at 31 December 2018	20,000	4,545,563	4,565,563
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	653,311	653,311
Transactions with owners in their capacity as owners:-	-		
Dividends		(2,015,000)	(2,015,000)
Balance at 31 December 2019	**20,000**	**3,183,874**	**3,203,874**

1 GENERAL INFORMATION

Interphone Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales, registration number 0692333. The address of the Company's registered office is 5th Floor, Leconfield House, Curzon Street, London, W1J 5JA and the address of its principal place of business is Interphone House, 12 – 22 Herga Road, Harrow, Middlesex, HA3 5AS.

The Company's principal activities are disclosed in the Directors' Report.

2 BASIS OF ACCOUNTING

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"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared with the adoption of the FRS 102 Triennial Review 2017 amendments in full. This is the first set of financial statements where the Triennial Review amendments have been adopted. There have been no changes to amounts presented in respect of transactions or balances in any of the main statements as a result of adoption of the changes, but certain disclosures have been updated in line with the new requirements.

The financial statements are presented in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

3 ACCOUNTING POLICIES

A summary of the main accounting policies is set out below.

Going concern

The emergence of the COVID-19 virus in December 2019, followed by the declaration of a global pandemic by the World Health Organisation in March 2020, presents a continuing situation which is being managed in line with our policies as a risk to the Company.

During 'lockdown' the company has taken various measures to protect its staff, customers and business. These include limiting operational activity to emergency services only, furloughing some field based and office based staff, requiring some office based staff to work from home and utilising the government's VAT deferral scheme. Following the easing of government restrictions, more staff are able to return to the office and operational activity is increasing with appropriate safeguards.

The Company has seen only limited impact on sales to August 2020 due to the nature of the Company's customers and the work undertaken. It is not possible to forecast the impact of any global downturn in demand but the Company remains in a strong position due to the long term contracts in place which generate finance lease income, combined with a robust balance sheet. In the case that demand was to decline, the variable cost base of the Company provides the flexibility to take mitigating actions to reduce the cost base as appropriate.

On the basis of the above, at the time of approving the financial statements, the directors have considered forecasts of trading and cash flows for the Company and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

3 ACCOUNTING POLICIES (Continued)

Turnover
Turnover comprises income from sales of equipment, the provision of finance on the sale of equipment and maintenance services. Turnover is recognised as follows on each income stream:

Income from sales of equipment
Income derived from outright sales is recognised on delivery or completion of installation.

Income from sales of equipment on finance leases
The sale of equipment sold but financed by way of a finance lease arrangement is recognised as part of income from sales of equipment. The revenue recognised at the commencement of the lease term is the present value of the minimum lease payments accruing to the company, computed at a market rate of interest. The income attributable to the finance charge arising on the finance lease is recognised over the primary period of the lease so as to give a constant rate of return on the carrying amount.

Income from maintenance services
Income derived from maintenance contracts is accrued on a straight line basis over the term of the contract. Other maintenance income is recognised on provision of the service.

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 to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	33% to 50% per annum

Amortisation is revised prospectively for any significant change in useful life or residual value.

The directors have chosen this useful life for the purchased computer software as it represents the length of time the software will be used in the company.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	over the length of the lease
Computer equipment	16% to 33% per annum
Fixtures, fittings and equipment	15% to 33% per annum

Inventories
Inventories represent installation stocks and spares used in the repair and maintenance of the assets covered by support contracts. Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first in first out cost basis and for work in progress, includes direct labour costs and overheads appropriate to the stage of job completion.

Provision is made for items which are no longer expected to be utilised.

Demonstration stock is measured at cost, adjusted where applicable for any loss of service potential, to reflect the usage in the business until the point of sale. These items are amortised over three years.

3 ACCOUNTING POLICIES (Continued)

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors
Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Trade creditors, group and other creditors
Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

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

Leases

The Company as Lessee – Operating Leases
Operating lease annual rentals are charged to the income statement on a straight line basis over the lease term.

The Company as Lessor – Finance Leases
Amounts due from lessees under finance leases are recognised as debtors at the present value of future minimum lease payments plus any unguaranteed residual value (the "net investment in the lease") plus incremental costs of negotiating and arranging the lease. Finance income from assets leased under a finance lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment of the lease.

3 ACCOUNTING POLICIES (Continued)

Taxation

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

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

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

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

Retirement benefits

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

4 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provisions for bad trade debt and finance lease debtors

Provisions for bad debt are based on assumptions regarding the future creditworthiness of existing debtors.

Stock provisions

Stock provisions are assessed on the basis of assumptions regarding future sales and the diminishing value of slow moving lines.

5 TURNOVER

Turnover, which is stated net of value added tax and is generated wholly in the United Kingdom, represents amounts invoiced to third parties in respect of the company's continuing activities.

An analysis of the Company's turnover by class of business is given below

	2019	2018
	£	£
Equipment Sales:		
Equipment sales on finance leases	**78,778**	148,917
Finance income on finance leases	**1,799,811**	2,168,261
Outright sales of equipment	**853,941**	805,341
Income from maintenance	**1,029,449**	977,590
Other sales	**17,811**	20,407
	3,779,790	4,120,516

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Interest arising on:		
Interest on tax payment	**-**	22
Loan from group undertaking	**-**	1,514
Bank charges	**4,892**	4,257
	4,892	5,793

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Interest receivable from related undertaking	**4,396**	1,570

8. PROFIT BEFORE TAXATION

	2019	2018
	£	£
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 14)		
Owned assets	**57,848**	71,846
Operating lease rental charges (note 21)	**93,909**	130,595

8 PROFIT BEFORE TAXATION (Continued)

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;

	2019	2018
	£	£
Audit services – statutory audit of the company	**32,500**	32,500
Other services		
Taxation compliance and related services	**8,000**	7,550
	40,500	40,050

Interphone Limited bears the audit fee for Interphone Security Group Limited, Roadweald Limited and Aztec CBG Opco Limited, fellow group companies.

9 EMPLOYEES

	2019	2018
	No.	No.
The average monthly number employed by the company (including directors) during the year, was:-		
Engineering	**12**	11
Sales	**4**	4
Other	**15**	14
	31	29

Staff costs for the above persons:	**£**	£
Wages and salaries	**1,338,642**	1,292,231
Social security costs	**161,086**	147,468
Other pension costs	**35,836**	22,439
	1,535,564	1,462,138

10 DIRECTORS' REMUNERATION

	2019	2018
	£	£
Directors' remuneration		
Remuneration for qualifying services	**139,807**	193,156
Company contributions to money purchase pension schemes	**-**	2,640
Compensation for loss of office	**-**	79,250
	139,807	275,046

There were nil (2018: 1) director in the company's defined contribution pension scheme during the period.

Directors' emoluments disclosed above include the following payments to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	**139,807**	157,880
Compensation for loss of office	**-**	49,250
	139,807	207,130

11 TAXATION

	2019	2018
	£	£
Current tax:		
UK Corporation Tax	-	222,958
Payment (receipt) in respect of group relief	-	279,165
Adjustments in respect of previous periods	-	(54,944)
Total current tax	-	447,179
Deferred tax:		
Origination and reversal of timing differences	-	(40,712)
Adjustments in respect of prior periods	**30,318**	2,312
Effect of tax rate change on opening liability	-	4,042
Total deferred tax charge / (credit)	**30,318**	(34,358)
Total tax on profit	**30,318**	412,821

Factors affecting tax charge for year:

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
Profit before tax	**683,629**	927,886
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**129,890**	176,298
Effects of:		
Expenses not deductible for tax purposes	**5,287**	5,948
Transfer pricing adjustment	**9,378**	10,061
Group loss relief claimed	**(222,945)**	(10,061)
Group relief payment adjustment for prior year	-	279,165
Adjustment to tax charge in respect of previous year	-	(54,944)
Effect of change in tax rates	-	4,042
Deferred tax adjustment in respect of prior year	**30,318**	2,312
Deferred tax not recognised	**70,482**	-
Other tax adjustments	**7,908**	-
Tax expense	**30,318**	412,821

The payments and receipts in respect of group relief in the current and prior years relate to agreed changes in the use of tax losses within the wider group.

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. These rates have been used to measure deferred tax assets and liabilities where applicable. In March 2020 the Chancellor announced that tax rate would remain at 19%, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

12 DIVIDENDS

	2019	2018
	£	£
The following dividends were declared and paid or payable during the period		
Ordinary interim dividend (£100.75 per share, 2018: £17.14 per share)	**2,015,000**	342,850

13 INTANGIBLE ASSETS

	Purchased computer software £
COST	
At 1 January 2019 and 31 December 2019	22,375
AMORTISATION AND IMPAIRMENT	
At 1 January 2019 and 31 December 2019	22,375
NET BOOK VALUE	
At 1 January 2019 and 31 December 2019	**-**

14 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Fixtures, fittings and equipment £	Total £
COST				
At 1 January 2019	384,300	291,312	291,611	967,223
Additions	-	9,987	3,031	13,018
Disposals	(376,946)	(250,048)	(270,413)	(897,407)
At 31 December 2019	**7,354**	**51,251**	**24,229**	**82,834**
DEPRECIATION				
At 1 January 2019	357,881	263,580	271,487	892,948
Charged in the year	24,949	17,428	15,471	57,848
Disposals	(376,946)	(250,048)	(270,413)	(897,407)
At 31 December 2019	**5,884**	**30,960**	**16,545**	**53,389**
NET BOOK VALUE				
At 31 December 2019	**1,470**	**20,291**	**7,684**	**29,445**
At 31 December 2018	26,419	27,732	20,124	74,275

15 INVENTORIES

	2019 £	2018 £
Finished goods	**44,633**	52,858
Work in progress	**22,147**	78,862
Demonstration stock	**1,164**	4,656
	67,944	136,376

16 DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	**1,328,795**	1,669,179
Amounts owed by group undertakings	**2,338,719**	3,302,472
Finance lease receivables	**490,514**	512,571
Other debtors	**100,255**	30,749
Prepayments and accrued income	**109,268**	192,338
	4,367,551	5,707,309
Amounts falling due after more than one year:		
Finance lease receivables	**1,401,158**	1,950,464
	5,768,709	7,657,773

The amounts owed by group undertakings are unsecured and have no formal terms. The amounts are therefore repayable on demand. The directors do not expect to recall the balance in the forthcoming twelve months.

At 31 December 2019 a provision of £73,808 (2018: £39,038) was carried in respect of trade debtors due from customers from whom payment was overdue.

Included within other debtors is a deferred tax asset of £nil (2018: £30,318).

17 FINANCE LEASE RECEIVABLES

	2019 £	2018 £
Amounts receivable under finance leases		
Within one year	**552,424**	581,077
In the second to fifth years inclusive	**1,214,398**	1,670,375
After five years	**186,760**	280,089
Present value of minimum lease payments	**1,953,582**	2,531,541
Less: Provision against amounts due within one year	**(61,910)**	(68,506)
	1,891,672	2,463,035

The company enters into finance leasing arrangements with its customers in connection with the provision of security systems, where the term at inception ranges from 3 – 20 years.

The unguaranteed residual values accruing to the company are estimated at £nil (2018: £nil). The company did not recognise any contingent rentals during the year (2018: £nil).

The company has an accumulated provision of £61,910 (2018: £68,506) for uncollectable minimum lease payments receivable.

18 CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	**140,401**	171,276
Other taxation and social security	**467,236**	498,131
Corporation tax payable	**-**	113,021
Other creditors	**176,343**	149,880
Accruals and deferred income	**2,384,865**	2,643,587
	3,168,845	3,575,895

19 DEFERRED TAX

	Deferred tax £
Asset at 1 January 2019	30,318
Profit and loss account for the year	(30,318)
Asset at 31 December 2019	**-**

As assets for deferred tax has been recognised as follows:	**2019 £**	2018 £
Depreciation in excess of capital allowances	**-**	30,318

The Company has estimated capital allowances of £592,944 (2018: £178,121) available for carry forward against future profits.

The deferred tax asset arising on the available capital allowances carried forward has not been recognised as their utilisation in the foreseeable future is considered remote.

20 SHARE CAPITAL & RESERVES

	2019 £	2018 £
Share Capital		
Allotted, issued and fully paid:		
20,000 (2018: 20,000) ordinary shares of £1 each	**20,000**	20,000

Ordinary share rights
The Company‘s ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Reserves
Reserves of the Company represent the following:

Retained earnings
Cumulative profit and loss net of distributions to owners.

21 COMMITMENTS UNDER OPERATING LEASES

The Company as a lessee:

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Amounts due:		
Within one year	**69,450**	83,389
Between one and five years	**63,657**	32,411
	133,107	115,800

22 RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £35,836 (2018: £22,439). Contributions totalling £ nil (2018: £4,329) were payable to the fund at the year end.

23 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year the company paid interest to related parties of £nil (2018: £1,514) and received interest from related parties of £4,396 (2018: £1,570). The interest payable arises on loan balances with related parties that are unsecured and bore interest at 1% per annum.

In addition to the above, an amount of £ nil (2018: £463,415) was paid to a related party during the year in respect of group relief for taxation. At the year-end a balance of £nil (2018: £nil) was outstanding in respect of group relief.

The company provides goods and services to companies under the control of the Tchenguiz Family Trust. During the year, sales of £447,914 (2018: £129,857) were made to entities related by common control which are not wholly owned within the Trust. At the year end, £51,828 (2018: £196,398) was due from these companies.

24 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Interphone Security Group Limited.

Interphone Security Group Limited is a wholly owned subsidiary of Roadweald Limited, a company registered in the United Kingdom, which in turn is a wholly owned subsidiary of Aztec CBG Opco Limited, a company registered in the United Kingdom.

Aztec CBG Opco Limited and its subsidiary undertakings comprise a small-sized group. Aztec CBG Opco has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the basis that it is subject to the small companies regime.

The ultimate parent undertaking is Euro Investments Overseas Inc, a company registered in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

25 POST BALANCE SHEET EVENTS

Since the year end, the consequences of the COVID-19 outbreak have materially and adversely disrupted the global economic situation. The directors consider the event to be non-adjusting in nature and are taking appropriate action to monitor, address and mitigate the uncertainties and risks facing the company as a result. These additional uncertainties have been taken into account in assessing the going concern position by the directors. It is not possible to reliably estimate the duration and severity of the economic consequences of the pandemic, and its impact on the financial position and results of the company for future periods, although as stated in the directors' report it is expected that the company is well-placed to withstand any negative effects.

During ‘lockdown’ the company has taken various measures to protect its staff, customers and business. These include limiting operational activity to emergency services only, furloughing some field based and office based staff, requiring some office based staff to work from home and utilising the government’s VAT deferral scheme. Following the easing of government restrictions, more staff are able to return to the office and operational activity is increasing with appropriate safeguards.