Interphone Limited

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Company Number: 00692333

Interphone Limited
COMPANY INFORMATION
31 December 2021

DIRECTORS

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

REGISTERED OFFICE

1st Floor
35 Park Lane
London
England
W1K 1RB

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 2021.

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 £496,249 (2020: £529,403 profit).

The most important KPI for profitability monitoring purposes is underlying operating profit. This fell to £667,361 from £1,111,630 in 2020 due to a combination of reduced rental income from the company's long-term contract portfolio and Covid impacted reduction in demand for new installation projects.

The company continues to receive substantial revenue from its long-term contract portfolio and cash flow has remained positive throughout. The company operates with in hand cash balances and the cash position at 31 December 2021 was strong at £776,300.

The profit after tax of £496,249 (2020: profit £529,403) is stated after non-cash charges relating to amortisation and depreciation of £483,405. The dividends paid in respect of the current year and prior year are disclosed in note 12 of the financial statements.

In the opinion of the directors, the result for the year, given Covid related market conditions, and the financial position of the company at 31 December 2021 were satisfactory.

DIRECTORS

The following directors have held office since 1 January 2021:

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

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

Julian Synett

J Synett
Director

19/07/22 2022

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 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 2021 which comprise a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 December 2021 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

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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.

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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

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

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

There were no significant laws and regulations that have an indirect impact on the financial statements.

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

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

Use of our report

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

Caroline Watson

Caroline Watson ACA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

One London Square
Cross Lanes
Guildford
GU1 1UN

21/07/22 2022

Interphone Limited

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 £	2020 £
TURNOVER	5	**2,890,135**	3,189,197
Cost of sales		**(1,182,840)**	(1,156,211)
GROSS PROFIT		**1,707,295**	2,032,986
Operating expenses	8	**(1,523,339)**	(1,559,277)
Other Operating Income		**-**	20,326
OPERATING PROFIT		**183,956**	494,035
Analysed as:			
UNDERLYING OPERATING PROFIT		**667,361**	1,111,630
Amortisation of rental book		**(473,551)**	(597,596)
Depreciation of tangible fixed assets	8	**(9,854)**	(19,999)
OPERATING PROFIT		**183,956**	494,035
Interest payable and similar expenses	6	**(7,429)**	(4,376)
Interest receivable and similar income	7	**9,311**	6,535
PROFIT BEFORE TAXATION		**185,838**	496,194
Taxation	11	**310,411**	33,209
PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		**496,249**	529,403
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**496,249**	529,403

Interphone Limited

STATEMENT OF FINANCIAL POSITION (Company Registration Number: 00692333)
At 31 December 2021

	Notes	**2021**	2020
		£	£
FIXED ASSETS			
Intangible assets	*13*	**-**	-
Tangible assets	*14*	**7,839**	13,787
		7,839	13,787
CURRENT ASSETS			
Inventories	*15*	**113,117**	87,760
Debtors due within one year	*16*	**3,907,356**	4,512,123
Debtors due after more than one year	*16*	**659,848**	957,782
Cash at bank in hand		**776,300**	923,000
		5,456,621	6,480,665
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	*18*	**(2,864,934)**	(3,371,175)
NET CURRENT ASSETS		**2,591,687**	3,109,490
TOTAL ASSETS LESS CURRENT LIABILTIES		**2,599,526**	3,123,277
NET ASSETS		**2,599,526**	3,123,277
CAPITAL AND RESERVES			
Called up share capital		**20,000**	20,000
Profit and loss account		**2,579,526**	3,103,277
TOTAL EQUITY		**2,599,526**	3,123,277

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 7 to 21 were approved by the directors and authorised for issue on 19/07/22 2022 and are signed on its behalf by:

Julian Synett

J Synett
Director
19/07/22 2022

Interphone Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital	Profit & loss account	Total
	£	£	£
Balance at 1 January 2020	20,000	3,183,874	3,203,874
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	529,403	529,403
Transactions with owners in their capacity as owners:- Dividends	-	(610,000)	(610,000)
Balance at 31 December 2020	20,000	3,103,277	3,123,277
Year ended 31 December 2021:			
Profit and total comprehensive income for the year		496,249	496,249
Transactions with owners in their capacity as owners:- Dividends		(1,020,000)	(1,020,000)
Balance at 31 December 2021	**20,000**	**2,579,526**	**2,599,526**

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 1st Floor, 35 Park Lane, London, England, W1K 1RB 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 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

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.

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, excluding annual maintenance charges included in the lease payment. 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.

3 ACCOUNTING POLICIES (Continued)

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 and ad-hoc upgrades of equipment. 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.

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.

3 ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

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, excluding annual maintenance charges included in the lease payment. 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.

Government Grants
Government grants are recognised at the fair value of the assets 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 is satisfied is a liability.

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

	2021	2020
	£	£
Equipment Sales:		
Equipment sales on finance leases	**81,340**	48,294
Finance income on finance leases	**1,371,600**	1,579,144
Outright sales of equipment	**538,646**	604,624
Income from maintenance	**869,915**	937,681
Other sales	**28,634**	19,454
	2,890,135	3,189,197

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank charges	**7,429**	4,376

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Interest receivable from related undertaking	**9,194**	6,315
Other interest receivable	**117**	220
	9,311	6,535

8 PROFIT BEFORE TAXATION

	2021	2020
	£	£
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 14)		
Owned assets	**9,851**	19,999
Operating lease rental charges	**55,231**	60,841
Other operating income – Government grants	**-**	20,326

Government grants of £nil (2020: £20,326) were received during the year in relation to the COVID-19 furlough support scheme.

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;

	2021	2020
	£	£
Audit services – statutory audit of the company and related entities	**35,000**	35,000
Other services		
Taxation compliance and related services	**8,700**	8,000
	43,700	43,000

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

9 EMPLOYEES

	2021	2020
	No.	No.
The average monthly number employed by the company (including directors) during the year, was: -		
Engineering	**4**	6
Sales	**4**	3
Other	**17**	17
	25	26

Staff costs for the above persons:	**£**	£
Wages and salaries	**1,106,599**	1,178,035
Social security costs	**137,901**	142,572
Other pension costs	**41,635**	40,302
	1,286,135	1,360,909

10 DIRECTORS' REMUNERATION

	2021	2020
	£	£
Directors' remuneration		
Remuneration for qualifying services	**136,621**	132,535

There were no (2020: nil) directors in the company's defined contribution pension scheme during the period.

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

	2021	2020
	£	£
Remuneration for qualifying services	**136,621**	132,535

11 TAXATION

	2021	2020
	£	£
Current tax:		
UK Corporation Tax	**37,462**	82,318
Adjustments in respect of prior periods	**(300,411)**	
Total current tax (credit)/charge	**(262,949)**	82,318
Deferred tax:		
Origination and reversal of timing differences	**(3,457)**	(115,370)
Adjustments in respect of prior periods	**(4,887)**	(157)
Effect of tax rate change on opening balance	**(39,118)**	-
Total deferred tax credit	**(47,462)**	(115,527)
Total tax on profit	**(310,411)**	(33,209)

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% (2020: 19%). The differences are explained below:

	2021	2020
Profit before tax	**185,838**	496,194
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**35,309**	94,277
Effects of:		
Expenses not deductible for tax purposes	**40,319**	1,274
Transfer pricing adjustment	**4,691**	5,456
Group loss relief claimed	**(4,691)**	(21,480)
Deferred tax adjustment in respect of prior year	**(4,887)**	-
Deferred tax not previously recognised	**(41,623)**	(112,659)
Other tax adjustments	**-**	(77)
Adjustments in respect of prior years	**(300,411)**	-
Effect of change in tax rate	**(39,118)**	-
Tax credit	**(310,411)**	(33,209)

The adjustment to prior periods relates to differences arising on the finalisation of the prior year tax computations and also a tax refund arising from group losses allocated to Interphone in respect of earlier periods. This has been recognised in the current period when it became certain.

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.

Under Finance Act 2021, which was substantively enacted on 24 May 2021, it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023. Therefore, the deferred tax balances at 31 December 2021 have been calculated accordingly at 25%.

12 DIVIDENDS

	2021	2020
	£	£
The following dividends were declared and paid or payable during the period		
Ordinary interim dividend (£51.00 per share, 2020: £30.50 per share)	**1,020,000**	610,000

13 INTANGIBLE ASSETS

	Purchased computer software
	£
COST	
At 1 January 2021 and 31 December 2021	22,375
AMORTISATION AND IMPAIRMENT	
At 1 January 2021 and 31 December 2021	22,375
NET BOOK VALUE	
At 1 January 2021 and 31 December 2021	**-**

14 TANGIBLE FIXED ASSETS

	Leasehold improvements	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
COST				
At 1 January 2021	7,354	36,679	24,229	68,262
Additions	-	4,623	-	4,623
Disposals	-	(1,093)	-	(1,093)
At 31 December 2021	**7,354**	**40,209**	**24,229**	**71,792**
DEPRECIATION				
At 1 January 2021	7,354	24,229	22,892	54,475
Charged in the year	-	8,618	1,236	9,854
Disposals	-	(376)	-	(376)
At 31 December 2021	**7,354**	**32,471**	**24,128**	**63,953**
NET BOOK VALUE				
At 31 December 2021	**-**	**7,738**	**101**	**7,839**
At 31 December 2020	-	12,450	1,337	13,787

15 INVENTORIES

	2021	2020
	£	£
Finished goods	**52,373**	54,407
Work in progress	**60,744**	33,353
	113,117	87,760

16 DEBTORS

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	**1,294,663**	1,530,302
Amounts owed by group undertakings	**1,936,203**	2,338,719
Finance lease receivables	**334,370**	420,832
Other debtors	**162,910**	140,729
Prepayments and accrued income	**94,097**	81,541
Corporation tax recoverable	**85,113**	-
	3,907,356	4,512,123
Amounts falling due after more than one year:		
Finance lease receivables	**659,848**	957,782
	4,567,204	5,469,905

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 2021 a provision of £15,996 (2020: £12,221) 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 £162,989 (2020: £115,527).

17 FINANCE LEASE RECEIVABLES

	2021	2020
	£	**£**
Amounts receivable under finance leases		
Within one year	**367,211**	463,584
In the second to fifth years inclusive	**625,923**	889,208
After five years	**33,925**	68,573
Present value of minimum lease payments	**1,027,059**	1,421,365
Less: Provision against amounts due within one year	**(32,841)**	(42,751)
	994,218	1,378,614

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.

17 FINANCE LEASE RECEIVABLES (CONTINUED)

The unguaranteed residual values accruing to the company are estimated at £nil (2020: £nil). The company did not recognise any contingent rentals during the year (2020: £nil).

The company has an accumulated provision of £32,841 (2020: £42,751) for uncollectable minimum lease payments receivable.

18 CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**156,346**	202,832
Other taxation and social security	**392,179**	798,224
Other creditors	**129,863**	152,976
Amounts owed to parent undertakings	**166,040**	60,000
Accruals and deferred income	**2,020,506**	2,157,143
	2,864,934	3,371,175

19 DEFERRED TAX

	Deferred tax
	£
Asset at 1 January 2021	(115,527)
Profit and loss account for the year	(47,462)
Asset at 31 December 2021	**(162,989)**

As assets for deferred tax has been recognised as follows:	**2021**	2020
	£	£
Depreciation in excess of capital allowances	**162,989**	115,527

The Company has estimated capital allowances of £651,956 (2020: £605,331) available for carry forward against future profits.

20 SHARE CAPITAL & RESERVES

	2021	2020
	£	£
Share Capital		
Allotted, issued and fully paid:		
20,000 (2020: 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:

	2021	2020
	£	£
Amounts due:		
Within one year	**36,680**	42,918
Between one and five years	**23,607**	20,250
	60,287	63,168

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 £41,508 (2020: £40,302). Contributions totalling £7,291 (2020: £127) 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 (2020: £nil) and received interest from related parties of £9,194 (2020: £6,315). The interest payable arises on loan balances with related parties that are unsecured and bore interest at 1% per annum.

The company provides goods and services to companies under the control of the Tchenguiz Family Trust. During the year, sales of £44,238 (2020: £134,468) were made to entities related by common control which are not wholly owned within the Trust. At the year end, £27,257 (2020: £31,729) was due from these companies, of which £7,970 (2020: £5,028) is provided against.

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.