

# A leader in Europe's fire security industry

**London Security plc**

Annual Report and Accounts 2023



# London Security plc

**EACH YEAR WE PROVIDE FIRE PROTECTION FOR OVER 315,000 CUSTOMERS THROUGH OUR LOCAL PRESENCE IN THE UNITED KINGDOM, BELGIUM, THE NETHERLANDS, AUSTRIA, FRANCE, GERMANY, DENMARK AND LUXEMBOURG.**

**Customer focus.**

We continually strive to offer the highest quality of service and products to our valued customers. We employ the best trained and qualified engineers with quality products that have achieved the highest performance ratings to companies, governments or private individuals.

**Our services and products are commercialised through long-established brands.**

Nu-Swift, Ansul, Total, Premier and Master: the unique styling of our products makes them immediately recognisable to both the industry and customers alike.

**We aim to achieve the highest levels of service and product quality.**

Our employees are trained to the most stringent servicing standards and we develop the highest performance-rated fire products. These activities are performed whilst considering the preservation of the environment.

More information at [londonsecurity.org](https://londonsecurity.org) >

# Highlights

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## OUR EUROPEAN GROUP BRANDS



London Security plc continues to deliver industry-leading profit margins since acquiring the Ansul and Nu-Swift businesses. The challenges for the future are to continue to grow through acquisition and organically and to build upon our competitive advantage of being a complete fire protection solution provider.

## FINANCIAL HIGHLIGHTS

Earnings per share

**189.8p**

+15.1%

23	189.8
22	164.9
21	162.4
20	145.6
19	135.8

Operating profit

**£31.6m**

+16.2%

23	31.6
22	27.2
21	27.2
20	24.7
19	24.2

Revenue

**£219.7m**

+16.3%

23	219.7
22	188.9
21	166.6
20	152.7
19	146.9

# Chairman's statement

J-J. Murray, Chairman

## FINANCIAL HIGHLIGHTS

Financial highlights of the audited results for the year ended 31 December 2023 compared with the year ended 31 December 2022 are as follows:

- revenue of £219.7 million (2022: £188.9 million);
- operating profit of £31.6 million (2022: £27.2 million);
- profit for the year of £23.3 million (2022: £20.2 million);
- cash of £32.7 million (2022: £34.0 million);
- earnings per share for the year of £1.90 (2022: £1.65); and
- a dividend per share of £1.24 (2022: £0.84).

## Trading review

The financial highlights illustrate that the Group's revenue increased by £30.8 million (16.3%) to £219.7 million and operating profit increased by £4.4 million (16.2%) to £31.6 million. These results reflect:

- the effect of input inflation which our companies initially absorbed, but as it became clear that it was a longer term trend we passed on appropriate price increases to our customers;
- the positive impact of acquisitions in 2023 and the full year's trading of acquisitions in 2022;
- improved performance from our service business in continental Europe;
- continued improvement from newer service offerings (e.g. emergency lights and passive fire protection); and
- the movement in the Euro to Sterling average exchange rate, which had a positive effect of £3.0 million on reported revenue and £0.5 million on operating profit. A more detailed review of this year's performance is given in the Financial Review and the Strategic Report.

## Acquisitions

It remains a principal aim of the Group to grow through acquisition. Acquisitions are being sought throughout Europe and the Group will invest at prices where an adequate return is envisaged by the Board. In the year under review, the Group acquired two security businesses in Belgium. The Group has also continued with the acquisition of service contracts from smaller well-established businesses for integration into the Group's existing subsidiaries and has grown its presence in Austria, the Netherlands, the United Kingdom and Germany.

## Management and staff

2023 was a year in which the staff performed well and, on behalf of the shareholders, I would like to express thanks and appreciation for their contribution. The Group recognises that we can only achieve our aims with talented and dedicated colleagues who provide outstanding customer service in every area of the business.

## Jacques Gaston Murray

Mr. Murray sadly passed away on 7 June 2023. Mr. Murray was appointed to the Board in January 2000, following his acquisition of a controlling interest in the Company, and he has had a prominent role in guiding the Company's successful performance and strategy since that time. The Board would like to place on record its immense appreciation for the many years of service that Mr. Murray dedicated to the Company.

## Dividends

An exceptional one-off interim dividend in respect of 2023 of £0.82 per ordinary share was paid to shareholders on 7 December 2023. The Board is recommending the payment of a final dividend in respect of 2023 at the same level as 2022 of £0.42 per ordinary share. This would be paid on 12 July 2024 to shareholders on the register on 14 June 2024 with the shares marked ex-dividend on 13 June 2024.

## Future prospects

The markets in which we operate are entering what is likely to be a period of low growth albeit with declining inflation from high levels in 2023. The London Security Group however has a healthy balance sheet, strong cash reserves and a track record for good cash generation. The Board therefore considers that the Group is well placed to weather any downturn. We will also continue to invest in our future and the Group plans to continue to grow through acquisitions.

## Annual General Meeting

The Annual General Meeting ("AGM") will be held at 2 Jubilee Way, Elland, West Yorkshire HX5 9DY, on 25 June 2024 at 11.30 am. The Company confirms that shareholders are able to attend in person should they wish to do so. However, we strongly encourage shareholders to vote on all resolutions by completing the enclosed form of proxy for use at that Meeting, which you are requested to return in accordance with the instructions on the form.

**J-J. Murray**  
Chairman

14 May 2024





# Financial review

## IN SUMMARY

- Our acquisitive strategy continues to add to Group profitability.
- The fire security market is experiencing increased competition.
- We are experiencing cost increases across all our purchases, which is putting downward pressure on margins.
- We will continue to pass on appropriate price increases to our customers.
- We will continue to concentrate on the highest levels of customer service.

### Consolidated Income Statement

The Group's revenue increased by £30.8 million (16.3%) to £219.7 million. Operating profit increased by £4.4 million to £31.6 million (16.2%). These results include the positive movement in the Euro to Sterling average exchange rate, which has decreased from 1.17 to 1.15. If the 2023 results from the European subsidiaries had been translated at 2022 rates, revenue would have been £216.7 million instead of £219.7 million, which would represent an increase of 14.7% not 16.3% on the prior year. On the same basis, operating profit would have been £31.0 million instead of £31.6 million, an increase of 14.0% not 16.2% compared to 2022.

Inflation continued to have a major impact on the Group's operations in 2023. Inflation was initially driven by two world events. Firstly, the world wide recovery from Covid-19 resulted in a surge in shipping costs which drove increased supply prices for us and our suppliers. Secondly, the destabilising effect of the war in the Ukraine leading to increased energy and food prices. This resulted in a high inflation shock across all our markets which continued into 2023. While we initially absorbed these costs we have had to continue to increase our prices accordingly.

Central banks in our market reacted to high inflation with successive interest rate increases to address this. Whilst it is arguable whether this was the correct response given the cause of inflation, especially in energy, what this has done is dampen demand and depress growth. As a result, several of the countries in which we operate have entered or are close to recession. This will have an adverse effect on our customers' investment plans.

Our acquisition teams were successful in finalising the purchase of two fire and security businesses in 2023 in Belgium. In 2023 these new subsidiaries contributed £0.9 million to the Group's turnover. Further details are given in note 27. We have also increased our presence in Germany, the United Kingdom, the Netherlands and Austria through the purchase of service contracts to be serviced through our existing subsidiaries. Turnover also includes a full year's trading from the acquisitions we made in 2022, which contributed an increase of £7.7 million.

The Group's effective income tax rate of 26.2% is above the UK corporation tax rate of 25% as most of the expense is incurred in jurisdictions where the rate is higher.

### Consolidated Statement of Financial Position

The Group continues to demonstrate consistently profitable performance and strong cash conversion. This is illustrated by a well-capitalised balance sheet with net cash and a strong asset base. The Group ended the year with cash of £32.7 million (2022: £34.0 million).

The Group's total borrowings at the year end were £0.5 million.

Included in the total figure above are loans of £0.1 million which have been recognised on the acquisition of subsidiary undertakings. These are set to be repaid equally over the next two years.

### Treasury management and policy

The Board considers foreign currency translation exposure and interest rates to be the main potential treasury risks. Treasury policies and guidelines are authorised and reviewed by the Board.

### Segmental reporting

The chief operating decision maker ("CODM") for the London Security Group has been identified as the executive Board, as ultimately this function is responsible for the allocation of resources and assessing the performance of the Group's business units. The internal reporting provided to the CODM is a combination of consolidated financial information and detailed analysis by brand.

The management information on which the CODM makes its decisions has been reviewed and is deemed to be the consolidated result for the Group. The Group's companies in different European countries operate under similar economic and political conditions with no different significant risks associated with any particular area and no exchange control risks and the Group's operations are managed on a Pan-European basis with close operational relationships between subsidiary companies. In addition, the nature of products, services, production and distribution is consistent across the region.

Accordingly, the Directors have concluded that under IFRS 8 the Group operates in a single geographical and market segment and that there is a single operating segment for which financial information is regularly reviewed by the CODM.

### Key risks and uncertainties

The Group's key risks and uncertainties are discussed in the Strategic Report.



# Strategic report

## Principal activities

London Security plc is an investment holding company and its Board co-ordinates the Group's activities. The principal activities of the Group are the manufacture, sale and rental of fire protection equipment and the provision of associated maintenance services.

## Business model

The Group is a leader in Europe's fire security industry. We provide fire protection through our local presence in the United Kingdom, Belgium, the Netherlands, Austria, France, Germany, Denmark and Luxembourg. More detail on our revenue streams can be found in the revenue recognition section of our accounting policies.

The Group's services and products are commercialised through well and long-established brands such as Nu-Swift, Ansul, Premier and Master. The unique styling of our products makes them immediately recognisable to both the industry and customers alike.

The Group aims to achieve the highest levels of service and product quality through continued training of our employees to the most stringent servicing standards and the development of the highest performance-rated fire products. The Group continues to build on its reputation for service excellence and quality to develop a "safety solutions" business with a well-diversified and loyal customer base.

## Business review and results

The Consolidated Income Statement shows a profit attributable to equity shareholders of the Parent Company for the year ended 31 December 2023 of £23.3 million (2022: £20.2 million). The Group's results are discussed in detail in the Financial Review. The Group paid dividends in the year of £15.2 million comprising a final dividend in respect of the year ended 31 December 2022 of £0.42 per ordinary share and an interim dividend of £0.82 per ordinary share in respect of the year ended 31 December 2023. The Board is recommending the payment of a final dividend in respect of the year ended 31 December 2023 of £0.42 per ordinary share. The Group ended the year with net assets of £152.3 million (2022: £145.9 million).

## Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that the analysis of revenue, operating profit and earnings per share are the appropriate KPIs for an understanding of the development and performance of the business. The analysis of these KPIs is included in the Chairman's Statement and the Financial Review.

## S172 statement

The Board believes that the presence and requirements of a longstanding controlling shareholder help focus the Group's strategy on long-term shareholder value creation. Decisions are taken bearing in mind the effect on long-term growth in revenue, operating profit and earnings per share.

Our employees are vital in delivering the highest levels of service in order to mitigate the downward pressure on prices in our market. We involve and listen to employees to maintain strong employee engagement and retain talented people. We have a number of employee representative groups across Europe to facilitate this. Investment in our workforce through ongoing training is seen as essential to keep up to date with evolving legislation and protect the business from competition.

The Directors recognise the need to foster business relationships with suppliers and customers. We aim to have an open, constructive and effective relationship with all suppliers, including site visits by our staff to ensure supply chain sustainability, responsible sourcing and supply chain resilience.

The Directors consider the impact of the Group's operations on the environment. In recent years many of our product innovations have been focused on limiting our environmental impact. We have a long list of accreditations, including ISO 9001 and ISO 14001.

The interests of different stakeholders may not always be totally compatible. Therefore, the Group has to weigh up the needs and requirements of all stakeholders and attempt to find the right balance where decisions may affect more than one stakeholder. The Group remains ethical in its dealings with stakeholders and attempts to keep stakeholders informed of relevant business decisions. The likely consequences of all our long-term decision making is part of our ongoing management process.

The culture of the business is one of support and inclusiveness with the aim of ensuring our business is sustainable in the long run. We aim to be an equal opportunities employer and deal fairly with all stakeholders. Robust procedures are in place for conflict resolution.

To maintain a reputation for high standards of business conduct our website, [www.londonsecurity.org](http://www.londonsecurity.org), explains our approach to the ten principles set out in Section 3 of the Quoted Companies Alliance Corporate Governance Code issued in 2018.



To limit the effect of the majority shareholder, the Parent Company and EOI Fire SARL entered into a Services Agreement dated 10 December 1999 in which EOI Fire SARL provided certain assurances to the Parent Company with regard to its relationship with the Parent Company. The agreement confirms that the business and affairs of the Parent Company shall be managed by the Board in accordance with the Parent Company's memorandum and articles of association and with applicable laws and all relevant statutory provisions for the benefit of the shareholders as a whole. Any transactions or other relationships between any member of the EOI Fire SARL group and the Parent Company would be at arm's length and on a normal commercial basis. The Directors declare their interest and take no part in decisions where appropriate.

### Board performance

The Board is measured primarily with reference to the Group's financial performance and the suitability of the Group to deliver strong results in the future. In recent years the financial performance of the Group has been strong, which has encouraged the Board to believe that its membership is appropriate. The Board also considers that the stability of its membership over recent years has been a major contributor to the Company's success. The Chairman evaluates the Board performance informally on a regular basis and formally at least twice per year.

### Principal risks and uncertainties

Supply chain disruption. Many of our components are sourced from China. The response by the Chinese government to continuing Covid-19 outbreaks there in 2023 through further lockdowns had the possibility to disrupt production. The recovery of the rest of the world from Covid-19 also caused a surge in demand for shipping capacity, which resulted in delayed and increased lead times. These difficulties eased during 2023 as the Chinese government abandoned their "Zero Covid" approach. However, supply of product from the Far East is now subject to disruption by rebels in Yemen targeting shipping in the Red Sea. This has led most shipping companies to divert round Africa rather than risk attack on the way to the Suez Canal. This is leading to inflation in the cost of shipping and lengthening lead times again. The Group has mitigated the consequences of this by continuing to hold high stock levels which has ensured we always have capacity to supply the full range of products to our engineers. The Group is starting to diversify supply of components away from the Far East. Importantly, we maintained our in-house manufacture of finished product, utilising factories in the United Kingdom and Belgium.

Inflation. Various factors beyond our control have caused increased prices across all our inputs. While we initially chose to absorb these increases, it became clear that these were not transitory pressures. We have responded by increasing our sales prices and remaining in dialogue with our customers to explain our decision. Inflation has reduced during the latter half of 2023 but remains above central bank targets. The forecast from most commentators is for further falls in inflation in 2024.

Recruitment. We have experienced some difficulty in recruitment since the ending of the pandemic in common with many other sectors. There is resistance to return to previous work patterns at previous wage levels. This, coupled with the inflation present in all the countries in which we operate, has resulted in higher wages.

Business confidence. There are challenging economic conditions in Europe. All European countries are expected to endure a period of negative or minimal growth during 2024 which will reduce demand. However, the nature of our products and services should insulate the Group from the worst of this. The experience of the 2008 financial crisis and the Covid-19 pandemic in 2020 and 2021 showed this may not be too serious. We are seeing a reduced willingness of our customers to invest in upgrading or installing new systems. The Group has a strong capital base and liquidity position to weather these conditions.

Increased competition. The fire protection market in Europe is highly competitive and there are minimal barriers to entry to those smaller businesses offering a lower price service. However, the Group has built the reputation of its operating subsidiaries on quality by providing service levels recognised as being the best in the industry. The Group is able to offer its customers the certainty of supply and compliance with all relevant safety legislation at an appropriate price. We invest in our workforce through ongoing training to keep up to date with legislation.

Growth through acquisition is an important strategy of the Group. A potential risk is not identifying unsuitable acquisitions that fail to meet the investment case and would be disruptive to integrate into the Group. This risk is mitigated by formal review by the investment committee prior to an offer being made. Following acquisition, the integration team implements the integration plan and monitors performance against that plan.

# Strategic report continued

## NON FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

### Introduction

The escalating effects of climate change on global markets demand increased transparency and anticipatory planning in our financial reporting. We are fulfilling our reporting obligations as mandated by the Companies Act Climate-related Financial Disclosure (CFD) regulations, marking this year as our first year of compliance. Our aim is to provide our stakeholders with a detailed evaluation of the potential risks and opportunities climate change poses to our operations. As an international organisation, acknowledging and addressing the effects of climate change on our business is essential.

The CFD framework is comprised of eight specific disclosure mandates, centred around the four areas of governance, strategy, risk management, and metrics and targets. This framework covers the disclosure of both physical and transition risks linked to climate change, guiding us in reporting governance structures, strategic responses, risk management processes, and climate-related metrics and targets. By implementing CFD practices, we can strengthen our defences against climate-related risks whilst harnessing climate-related opportunities, fostering transparency with our stakeholders. This approach not only supports informed decision-making but also promotes sustainable practices.

### Governance

Through the development of this CFD disclosure, we have gained valuable insights into the importance and relevance of climate-related risks and opportunities to the Group. During previous reporting years, we deemed climate-related risks as insignificant to the Group, resulting in the Board not reviewing them within the current risk management framework. Formal roles for climate risk and opportunity identification, consideration and management have not yet been defined, and frequency of climate meetings has also not yet been determined. However, this year we have made significant progress by appointing Richard Pollard, our Company Secretary, to lead our climate change policy initiatives. This marks an important step towards integrating climate considerations into our strategic planning.

### Future Plans

We recognise the potential for improvement in our approach; in 2024 we will make steps towards creating a dedicated committee made up of individuals in differing roles throughout the Group, who will have responsibility for the identification, assessment, and management of climate-related risks and opportunities. This committee will be responsible for keeping the Board informed, ensuring that climate-related risks and opportunities are eventually integrated into our risk management framework and business strategy. Details on the frequency and delivery method of the committee's outcomes to the Board for consideration are currently still being determined.

### Risk Identification and Management

While developing this CFD, our team worked alongside McGrady Clarke, an external sustainability consultant, to identify relevant climate-related risks and opportunities at Group level. The first stage of identifying climate risk involved creating an extensive list, featuring 37 climate-related risks and 31 potential opportunities. The likelihood and severity of each identified climate-related risk and opportunity was assessed. The insights gained from this evaluation were instrumental in formulating a more targeted list of the most significant risks and opportunities, which have been assessed using qualitative scenario analysis.

### Future Plans

At present, these identified climate risks and opportunities are not being actively managed, and are not currently integrated into our overall risk management process. However, we plan to integrate climate-related risks into our typical risk management process in the future and to designate specific roles and committees to hold these responsibilities. In our general risk management strategy, risks are only considered at Group level and are not considered by individual subsidiaries. We will develop a specific plan to monitor these risks at Group level in the future, and will fully review our climate scenario analysis at least every three years as per BEIS guidance. As with non-climate-related risks, it is expected that climate-related risks will be considered by the Board during biannual meetings.

### Strategy

#### Time Horizons

We have chosen our time horizons for climate-related risks and opportunities analysis to be as presented in the table below.

Time Horizon	Period
Short	Present – 2030
Medium	2031 – 2050
Long	2051 – 2080

We have chosen the timeframe from now until 2030 as our short-term time horizon, as it aligns with the pressing nature of climate impacts and policy actions. This timeframe will allow us to adjust our strategies in light of the rapidly evolving environmental and regulatory landscapes.

Our medium-term time horizon, from 2031 to 2050, has been selected to align with significant climate milestones, particularly the globally widespread target of attaining Net Zero emissions by 2050. This period offers a strategic framework for evaluating the diverse impacts of climate commitments, allowing us to track progress and refine our strategies towards a sustainable, low-carbon future.

Choosing our long-term horizon as 2051 to 2080 enables a thorough examination of the lasting effects and obstacles of climate change, aligning with significant policy milestones previously mentioned. This extended period offers vital insights into potential long-term environmental, societal, and economic changes, informing sustainable planning and adaptation strategies for the distant future.

### Climate Scenarios

To evaluate our most significant list of climate-related risks and opportunities, we employed the Shared Socioeconomic Pathways (SSPs) from the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report. Developed through global co-operation among climate scientists, economists, and energy system modellers, these pathways inform our qualitative scenario analysis.

#### SSP1 'Sustainability'

SSP1 envisages swift and substantial reductions in global greenhouse gas emissions, aligning with the Paris Agreement's aim of keeping global warming below 2°C above pre-industrial levels. This scenario involves strict climate policies and increased co-operation across local, national, and international levels to boost sustainability efforts.

#### SSP3 'Regional Rivalry'

SSP3 describes a future with increased nationalism, regional conflicts, environmental degradation, and a moderate rise in greenhouse gas emissions. This scenario sees minimal international collaboration, uneven technological progress, and inconsistent efforts to combat climate change across nations. It anticipates escalating disputes over resources, potentially leading to relaxed environmental laws and a greater dependence on fossil fuels, which could diminish investment in renewable energy sources.

#### SSP5 'Fossil-Fuelled Development'

SSP5, deemed unlikely, portrays an extreme scenario of economic expansion driven by fossil fuels, resulting in high greenhouse gas emissions and severe environmental harm. Support for eco-friendly initiatives decreases, with urban development and fossil fuels prioritised over environmental conservation. Advanced technologies are expected to be relied upon to mitigate the severe environmental consequences in this scenario.

### Disclosure of Assumptions and Estimates

In our qualitative scenario analysis, we have employed SSP scenarios as fundamental assumptions to assess the potential impacts of climate change, covering a range of economic, environmental, and societal trends. These scenarios provide a solid framework for projecting potential impacts over different timeframes, supporting strategic planning and risk assessment. It is imperative to acknowledge that these estimates, grounded in current scientific understanding, involve uncertainties due to the complex and evolving nature of climate change, and how regions and organisations respond to this. We have assumed that the global geography of the Group will remain largely unchanged over time.

### Climate-related Risks and Opportunities

The most significant climate-related risks and opportunities, along with their anticipated impacts on our business within different climate scenarios, is summarised in the tables below. Each risk has been classified either as physical (acute and chronic) or transitional (policy and legal, technology, market, and reputation). The chosen risks and opportunities aim to address various climate considerations relevant to our operations; however, it is important to recognise that not all material climate-related risks and opportunities have been captured below. We have chosen those most applicable to the Group in terms of potential impact and likelihood, ensuring a range of categories were considered. The climate-related risks and opportunities list will be re-evaluated and monitored in future reporting years.

## Strategic report continued

### Climate-related Risks and Opportunities continued

Currently, there are no noted actual impacts from the climate-related risks or opportunities identified in this disclosure, except from enhanced emissions-reporting obligations, such as this CFD.

Climate-Related Risks and Opportunities			SSP 1			SSP 3			SSP 5		
			2030	2050	2080	2030	2050	2080	2030	2050	2080
<b>Transition Risks</b>	<b>Policy and Legal</b>	Enhanced emissions-reporting obligations	High	Very High	High	High	Medium	Medium	High	Low	Medium
	<b>Technology</b>	Increased cost of raw materials	Low	Medium	Medium	Medium	Very High	Very High	Medium	High	High
	<b>Market</b>	Increase in competitors	Low	Medium	Medium	Medium	High	High	Medium	High	High
	<b>Reputation</b>	Loss of clients due to poor environmental performance (e.g., low performance on carbon reduction)	High	Very High	High	High	Medium	Low	Medium	Low	Low
<b>Physical Risks</b>	<b>Acute</b>	Increased severity/frequency of extreme weather events – logistics and materials	Low	High	Medium	Medium	High	Very High	Medium	High	Very High
	<b>Chronic</b>	Rising sea levels	Low	Medium	Medium	Low	Medium	Medium	Low	Medium	Medium
<b>Opportunities</b>	<b>Energy Systems</b>	Use of supportive policy incentives	Low	Medium	Low	Low	Low	Medium	Low	Medium	Medium
	<b>Products and Services</b>	Development of new products or services through R&D and innovation	Medium	High	High	Medium	Medium	High	Medium	High	Very High
	<b>Markets</b>	Access to new geographical markets	Medium	High	High	Low	Low	Low	Medium	Very High	Very High
		Increased demand for services of companies that have positive environmental credentials	High	Very High	Very High	High	Low	Medium	High	Medium	Medium

Very High It is very likely that the climate-related risk/opportunity will become significant and financially material to London Security plc.

High It is likely that the climate-related risk/opportunity will become significant and financially material to London Security plc.

Medium It is an average chance that the climate-related risk/opportunity will become significant and financially material to London Security plc.

Low It is unlikely that the climate-related risk/opportunity will become significant and financially material to London Security plc.

Very Low It is very unlikely that the climate-related risk/opportunity will become significant and financially material to London Security plc.



### Climate-related Risks

Climate-related Risk	Scenario	Time Horizon		
		2030	2050	2080
Enhanced emissions-reporting obligations		High	Very High	High
	SSP 1	As Europe advances towards Net Zero targets, it is likely that the government will heighten emissions reporting requirements. This risk reduces beyond 2050 as targets are met and global temperatures decline. There could potentially be an increase in regulatory scrutiny and operational costs. Non-compliance could lead to financial penalties.		
		High	Medium	Medium
	SSP 3	In the later stages of this scenario, governments may assign less significance to climate change due to arising conflicts and geopolitical tensions, resulting in reduced demand for emissions reporting. There could still be an increase in regulatory pressures and expenses, which could strain our financial resources.		
		High	Low	Medium
	SSP 5	Governmental attention on climate change is expected to decrease, reducing pressure on companies for sustainability reporting. However, some emissions-reporting obligations may persist as climate change effects intensify later in the century. This risk could drive innovation and market demand for alternative solutions within our sector, potentially prompting us to proactively adopt cleaner technologies and products to meet regulatory requirements.		
Increased cost of raw materials		Low	Medium	Medium
	SSP 1	Climate fluctuations may affect the availability of resources, potentially leading to increased costs as a consequence of decreased supply and increased demand. The increased cost of raw materials could strain our operational budget.		
		Medium	Very High	Very High
	SSP 3	In a divided world, resources will become more segregated with less international trading and companies unwilling to share. This heightened global tension will also exacerbate logistical challenges in material transportation, consequently driving up costs. The increased cost of raw materials could pose considerable challenges, potentially forcing us to re-evaluate our product pricing and procurement strategies to mitigate financial strain.		
		Medium	High	High
	SSP 5	An emphasis on industrial and technological advancement will drive up the demand for materials essential to London Security products, consequently leading to price spikes. This may prompt us to explore innovative solutions and sustainable sourcing practices, potentially leading to investments in alternative materials or technologies to maintain operational efficiency and competitive pricing.		
Increase in competitors		Low	Medium	Medium
	SSP 1	As climate change becomes more prevalent, there is a likelihood that companies may exploit the growing demand for fire safety products. This could lead to the emergence of new businesses that would rival our company. This could intensify market competition which has the potential to reduce our customer base. We could enhance our product differentiation and customer engagement strategies to maintain market share.		
		Medium	High	High
	SSP 3	In a fragmented and localised world where there's a heightened frequency and severity of fires, the demand for fire security measures is expected to rise. This might necessitate us to adapt swiftly by innovating our services and refining our marketing approaches to stay relevant and competitive.		
		Medium	High	High
	SSP 5	In a scenario with a probability of much higher frequency of fires, the surge of technological advancements may catalyse the emergence of new competitors in the fire security industry. This may compel us to strengthen our technological capabilities and diversify our products, to stay competitive and secure our position in a dynamic market.		

# Strategic report continued

## Climate-related Risks continued

Climate-related Risk	Scenario	Time Horizon		
		2030	2050	2080
Loss of clients due to poor environmental performance (e.g. low performance on carbon reduction)		<b>High</b>	<b>Very High</b>	<b>High</b>
	SSP 1	With a strong emphasis on sustainability, failure to meet the growing consumer demand for products by businesses with high environmental performance could lead to reputational damage, client loss and decreased market trust. This may urge us to prioritise sustainable practices and invest in eco-friendly solutions to retain clients and remain competitive in an increasingly environmentally conscious market.		
		<b>High</b>	<b>Medium</b>	<b>Low</b>
	SSP 3	In an environment rooted in nationalism and division, climate-related performance is likely not a priority to the majority of consumers. However, the risk of losing clients could still require a strategic shift towards greener operations to mitigate client attrition and maintain long-term viability.		
		<b>Medium</b>	<b>Low</b>	<b>Low</b>
	SSP 5	With a preference shift to technological advancements, positive environmental performance is less likely to be considered by consumers when making decisions in this scenario. Nevertheless, this risk may encourage us to prioritise sustainability initiatives and invest in eco-friendly solutions, aiming to retain current clients and appeal to environmentally conscious customers, thus upholding our reputation as a responsible corporate entity.		
Increased severity/frequency of extreme weather events – logistics and materials		<b>Low</b>	<b>High</b>	<b>Medium</b>
	SSP 1	In this scenario, global temperatures are projected to reach their peak around 2050. This heightened temperature may elevate the probability of extreme weather events, potentially disrupting international sea freight shipping routes, disrupting our logistics and access to materials. To minimise the likelihood of encountering this risk, it is imperative that we adopt resilient strategies for sustaining consistent manufacturing, storage and distribution practices.		
		<b>Medium</b>	<b>High</b>	<b>Very High</b>
	SSP 3	As global temperatures rise, the severity of storms at sea is expected to intensify over time. This escalation could disrupt global logistics routes, affecting our material supply chains. We should implement resilient strategies to adapt our supply chain management practices accordingly.		
		<b>Medium</b>	<b>High</b>	<b>Very High</b>
	SSP 5	Increased extreme weather events may significantly disrupt businesses, particularly sea freight operations, leading to delays, damages, and increased costs associated with navigating unpredictable and hazardous conditions at sea. This risk could compel us to implement resilient strategies to ensure uninterrupted manufacturing of our products and drive innovation in our supply chain management.		
Rising sea levels		<b>Low</b>	<b>Medium</b>	<b>Medium</b>
	SSP 1	Whilst sea levels are forecasted to increase, just one of our sites in the Netherlands is anticipated to be impacted. This could potentially result in heightened risks of flooding and property damage, thus prompting ongoing governmental investments in coastal protection measures. This could harm our finances due to property damage and increased insurance costs.		
		<b>Low</b>	<b>Medium</b>	<b>Medium</b>
	SSP 3	Despite increased sea level rises, only the previously mentioned Netherlands office is likely to be affected. There are likely to be more complications with office relocation if necessary, due to political and socioeconomic struggles, with a reduction in investments towards sea defences. Failure to mitigate flooding before damaging effects could result in financial damage due to loss of property.		
		<b>Low</b>	<b>Medium</b>	<b>Medium</b>
	SSP 5	There is expected to be the largest and most rapid sea level rise, affecting the Netherlands office faster. There will be an arms race between rapid technological advances and rising sea levels. This could financially impact us through the potential requirement to move to safer locations and increased insurance for our offices in at-risk areas.		

### Climate-related Opportunities

Climate-related Opportunity	Scenario	Time Horizon		
		2030	2050	2080
Use of supportive policy incentives		Low	Medium	Low
	SSP 1	To support companies that aid in the mitigation of climate change, it is expected that governments will provide financial support to enable the expansion of operations and research and development. Increased investment could allow us to boost our research and development. This is forecast to reduce after 2050 as global temperatures drop slightly.		
		Low	Low	Medium
	SSP 3	During the highest points of global political tension, financial aid may be focused elsewhere. A decline in conflict until 2080 will increase the likelihood of financial support to fire security companies. Therefore, the opportunity of financial gain is higher towards the end of this scenario.		
		Low	Medium	Medium
SSP 5	With climate change at its most severe, the need for fire security will increase, therefore increasing the benefit to a government by providing financial support. This could result in financial gain for our company.			
Development of new products or services through research and development and innovation		Medium	Medium	High
	SSP 1	As the impacts of climate change escalate, there will be a growing need for innovative solutions in fire security, prompting increased demand for new products and services developed through R&D and innovation. We could capitalise on this opportunity by investing into R&D, placing us at the forefront of future fire security development, allowing us to gain a competitive edge.		
		Medium	High	High
	SSP 3	In a fragmented world, the development of new products through R&D and innovation will be localised; however, this still presents as an opportunity to us. In particular, there is the chance to produce technological advancements tailored to diverse country/market needs and niches. We can benefit from this in the localised areas which require the development of new fire security products, which could allow us entry to new geographical markets.		
		Medium	High	Very High
SSP 5	In a technology driven world, there is high demand for the creation of more efficient and reliable fire security technology and services. It will be vital to stay ahead of competitors by leveraging emerging technological advances. By staying ahead of competitors, we can continue serving as market leaders, which represents increased financial and reputational gain.			
Access to new geographical markets		Medium	High	High
	SSP 1	As climate change progresses and fires become more frequent and severe, there is an anticipation of an expanded demand for our products in previously untapped geographical markets, which can lead to an increased customer base and more of the market. This is attributed to the broader spectrum of locations that will necessitate enhanced fire safety measures due to the effects of climate change.		
		Low	Low	Low
	SSP 3	The potential for this opportunity may be hindered by increased nationalism and reduced collaboration among international markets, despite the escalation of fires and increased frequency of extreme weather events due to worsening climate change. There is a decreased opportunity to gain new customers in this scenario.		
		Medium	Very High	Very High
SSP 5	In this scenario, fire security demand will be at its highest, with increased collaboration between countries to mitigate the arising fire prone environments. It will be important for us to exploit this opportunity and expand our operations to new markets, increasing our number of clients.			
Increased demand for services of companies that have positive environmental credentials		High	Very High	Very High
	SSP 1	There is expected to be a rise in demand for positive environmental credentials, driven by global efforts to reduce carbon emissions and tackle climate change, which will likely make our clients prefer companies committed to sustainability. Exploiting this opportunity could allow us to build our client base, retaining and attracting new customers, and expanding our operations to match.		
		High	Low	Medium
	SSP 3	Due to increasing social and geopolitical conflicts, there is a diminished focus on sustainability, likely leading to a decreased desire to work with companies for their positive environmental credentials. Through achieving this opportunity, we may end up in a niche catering to those who would still prefer environmentally conscious companies.		
		High	Medium	Medium
SSP 5	There is expected to be a focus on economic growth with a reliance on fossil fuels, so there will not be a widespread demand for services from companies with positive environmental credentials; however, there will still be entities preferring this. By capitalising on this opportunity, we could carve out a market catering to individuals who prioritise environmentally conscious businesses even in an economy-driven world.			

# Strategic report continued

## Resilience of our Business Model

We have now completed the qualitative scenario analysis regarding material climate-related risks and opportunities and will continue to review this at least every three years, or sooner if there are significant changes to the business operations or underlying assumptions.

Following this assessment, we believe our business model and overall business strategy is resilient to the aforementioned risks.

In the short-term time horizon, we are open to adjusting our operations in response to environmental policies and exploring options for mitigation. The three climate scenarios offer us the potential of unlocking new markets and engaging customer segments with an interest in eco-friendly services.

The more distant time horizons will afford us sufficient time to adapt and evaluate a broad array of mitigation measures regarding increased material costs and exposure to physical risk.

As we begin to integrate sustainability more within the business, we expect to become more resilient to climate-related risks and embrace climate-related opportunities going forward.

## Metrics and Targets

### Global Carbon Footprint Assessment Results

For 2022 and 2023, we have collaborated with McGrady Clarke, an external sustainability consultancy, to calculate our global carbon footprint across the Group, in accordance with Greenhouse Gas (“GHG”) Protocol guidelines. The results from the carbon footprint assessments for the two reporting years are detailed in the table below.

Category	Metric	2022		2023	
		tCO <sub>2</sub> e	% of Total	tCO <sub>2</sub> e	% of Total
Intensity Metrics	Group Scope 1-3 GHG Emissions per FTE Employee (tCO <sub>2</sub> e/FTE)	10.62	—	10.35	—
	Group Scope 1-3 GHG Emissions per £m Turnover (tCO <sub>2</sub> e/£m)	89.76	—	77.03	—
<b>Scope 1</b>					
Scope 1	Natural Gas and Other Heating Fuel	656.18	3.87%	681.37	4.03%
	Transportation (Excluding Grey Fleet)	5,996.43	35.37%	6,270.99	37.06%
	Factory LPG Usage	0.06	0.00%	0.06	0.00%
<b>Total Scope 1</b>		<b>6,652.66</b>	<b>39.24%</b>	<b>6,952.41</b>	<b>41.08%</b>
<b>Scope 2</b>					
Scope 2	Location-based Purchased Electricity	279.99	1.65%	266.03	1.57%
	Company Electric Vehicles (EVs)	5.49	0.03%	17.25	0.10%
	<b>Total Scope 2</b>	<b>285.48</b>	<b>1.68%</b>	<b>283.28</b>	<b>1.67%</b>
<b>Scope 3</b>					
Scope 3*	Purchased Goods and Services	5,513.27	32.52%	4,529.73	26.77%
	Capital Goods	1,577.57	9.30%	2,222.92	13.14%
	Fuel- and Energy-related Activities	1,587.89	9.37%	1,684.96	9.96%
	Upstream Transportation and Distribution	463.67	2.73%	397.35	2.35%
	Waste Generated in Operations	71.82	0.42%	79.19	0.47%
	Employee Commuting	290.27	1.71%	357.22	2.11%
	Upstream Leased Assets	438.55	2.59%	351.49	2.08%
	Downstream Transportation and Distribution	74.34	0.44%	64.44	0.38%
<b>Total Scope 3</b>		<b>10,017.38</b>	<b>59.08%</b>	<b>9,687.28</b>	<b>57.24%</b>
<b>Total Scope 1-3</b>		<b>16,955.52</b>	<b>100.00%</b>	<b>16,922.98</b>	<b>100.00%</b>

\* Scope 3 categories 6, 10, 11, 12, 13, 14 and 15 are not displayed above as they are not relevant to our operations.



## Methodology Summary for Carbon Footprint Assessment

The boundaries of the 2022 and 2023 carbon footprint assessments include our full global operations, based on the operational control approach. Scope 1 and 2 emissions were calculated using primary gas, heating fuel and electricity consumption information, alongside relevant DEFRA 2022 and 2023 emissions factors, supplemented by AIB emissions factors where necessary. When primary utility consumption data was unavailable, consumption was estimated using CIBSE floor area benchmarking for typical practice. Scope 1 transport and onsite fuels emissions were calculated based on the quantities of fuel purchased, and Scope 2 emissions for electric vehicles were derived from mileage data, both using DEFRA emissions factors.

Scope 3 emissions were calculated using either an activity-based or spend-based methodology, depending on the availability of data types such as weight, distance, material type and spend. The data was gathered from various sources, including delivery logs, expenditure records, commuting surveys, and waste reports. Emissions factor sources such as the DEFRA 2022/2023 emissions conversion factors, or alternatively the UK Government's DEFRA Table 13 2019, which estimates emissions per monetary value, were employed to convert raw data into emissions.

Where necessary, assumptions such as waste disposal methods and primary materials of spend based datasets were made, based on industry knowledge and feedback from the relevant personnel. When datasets were incomplete, they were pro-rata extrapolated to cover the full 12-month reporting period. Where spend-based emissions factors did not match the year of reporting, they were adjusted for inflation using Bank of England conversion rates. In future reporting years, we hope to further improve the data quality of our carbon footprint information.

## Strategic report continued

### Key Performance Metrics and Associated Targets

We monitor various metrics related to our emissions data, as well as the extent of physical and transitional climate-related risks and opportunities, to track progress towards our targets. The details of these metrics, including our methods and current progress to our targets, are outlined in the table below.

Metric	FY 2022	FY 2023	Risk/ Opportunity Covered	Target Relating to Metric	Target Year	Methodology	Progress
Number of Sites in At-Risk Locations of Rising Sea Levels	3	3	<ul style="list-style-type: none"> <li>Physical Risk: Chronic – Rising Sea Levels.</li> </ul>	Have zero sites globally on flood plains or in at-risk locations.	2050 – due to the increased likelihood and severity of sea level rise at this time.	An at-risk location of rising sea level is defined as at or below sea level.	No change between reporting years.
Number of Inbound Logistics Journeys Impacted by Extreme Weather	Nil	Nil	<ul style="list-style-type: none"> <li>Physical Risk: Acute – Increased Severity/Frequency of Extreme Weather Events.</li> </ul>	Continue to monitor the number of logistics journeys impacted by extreme weather.	2050 – due to the increased likelihood and severity.	A journey impacted by extreme weather is defined as one subject to weather-related delays, disruptions, or loss of product.	No change between reporting years.
Number of Competitors	11	11	<ul style="list-style-type: none"> <li>Transition Risk: Market – Increase in competitors.</li> </ul>	To annually monitor number of major competitors.	Year-on-year monitoring.	A major competitor is defined as having the ability to provide nationwide coverage.	No change between reporting years; however, this is being monitored annually as per the target.
Scope 1-3 Emissions per FTE Employee (tCO <sub>2</sub> e/FTE Employee)	10.62	10.35	<ul style="list-style-type: none"> <li>Transition Risk – Policy and Legal: Enhanced Emissions-Reporting Obligations.</li> <li>Transition Risk: Reputation – Loss of clients due to poor environmental performance.</li> <li>Opportunity: Market - Increased Demand for Services of Companies that have Positive Environmental Credentials.</li> </ul>	See a reduction in Scope 1-3 emissions annually.	Year-on-year reduction to 2050.	These metrics were calculated using the GHG emissions results from our global carbon footprint assessments, dividing them by the number of global FTE employees.	Decrease in intensity ratio between reporting years.

### Future developments

Inflation and low growth look set to continue in 2024. However, we continue to believe that the Group's well-established business model and solid financials provide a strong foundation to weather this challenge and to provide profitable growth and long-term shareholder returns.

Signed on behalf of the Board

**J-J. Murray**  
Chairman

14 May 2024

# Directors and Company Advisers

## EXECUTIVE DIRECTORS

### Jean-Jacques Murray 57 Chairman

Jean-Jacques Murray was appointed Chairman in June 2023 and was Vice-Chairman since February 2007. He graduated with a BA in Finance from Los Angeles Pepperdine University in 1988 and obtained his master's degree in 1990. His responsibility is the control and strategic direction of the Group. He is the Executive Chairman of Andrews Sykes.

### Xavier Mignolet 59 Managing Director

Xavier Mignolet joined the Group in 1995. He graduated with a master's degree in Commercial and Financial Sciences at HEC in Liège in 1987 and started his career in financial audit for PwC in Brussels. He is a Non-Executive Director of Andrews Sykes.

### Emmanuel Sebag 56 Executive Director

Emmanuel Sebag has responsibility for the review and supervision of Group operations. He graduated with a master's degree in Industrial Administration from Carnegie-Mellon University in 1991. He is a Non-Executive Director of Andrews Sykes.

## NON-EXECUTIVE DIRECTORS

### Jean-Pierre Murray 56 Non-Executive Vice-Chairman

Jean-Pierre Murray was appointed Non-Executive Vice-Chairman in February 2023 and was a Non-Executive Director since August 2008. He graduated from Los Angeles Pepperdine University in 1990 with a BA in Finance and gained his master's degree in 1993. He is the Non-Executive Vice-Chairman of Andrews Sykes and director of several private companies.

### Marie-Claire Leon 60 Non-Executive Director

Marie-Claire Leon graduated from California State University in 1988 with a bachelor's degree in Business Administration, with a particular focus on marketing, new venture and small business management. She is a Non-Executive Director of Andrews Sykes.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Henry Shouler 86 Senior Independent Non-Executive Director

Henry Shouler has a number of directorships in private companies. The Board believes that Henry continues to act with the utmost independence despite his length of tenure.

## Directors and Company Advisers continued

The majority of the Board have been actively involved in the fire protection industry for more than 20 years. Financial expertise is provided to the Board by the Company Secretary and external advisers.

If he feels it appropriate, the Senior Independent Non-Executive Director is encouraged to seek external professional advice at the Group's expense.

### Corporate governance

The Parent Company's and Group's approach to applying the ten principles set out in Section 3 of the QCA Corporate Governance Code is set out in detail on the Group's website, [www.londonsecurity.org](http://www.londonsecurity.org).

The Board meets on two occasions each year. All Directors receive a pre-meeting briefing package and post-meeting minutes and appropriate attachments. As a number of the Board's Directors are based overseas, it is not appropriate for all Directors to attend all meetings. Where a Director cannot attend, they can give their contributions to an attending Director or the Company Secretary and relay any comments concerning the Board minutes before they are adopted. Should there be anything that requires reconvening the meeting, an all-parties telephone Board meeting is convened.

All Directors receive appropriate monthly management information and have the opportunity to discuss this with the Managing Director or any member of his team.

On an annual basis, following the Annual General Meeting, the Board reviews the performance of its two committees.

### Board committees

The Board maintains two standing committees comprising Executive and Non-Executive Directors. Both committees have written constitutions and terms of reference.

The remuneration committee comprises H. Shouler and J-J. Murray. The committee is chaired by H. Shouler. The remuneration committee reviews the performance of Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of the shareholders. No Director is permitted to participate in decisions concerning his own remuneration. Details of Directors' remuneration are set out in the Directors' Remuneration Report in the Annual Report.

The audit committee currently comprises H. Shouler and J-J. Murray. H. Shouler is independent of management and EOI Fire SARL. The committee is chaired by H. Shouler. The audit committee is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. The audit committee considers risk and internal control as a fundamental part of its responsibilities. It meets the auditor to discuss the audit approach and the results of the audit. The audit committee considers the need to introduce an internal audit function each year. After taking into consideration the current size and complexity of the Group, the committee believes that it would not be cost effective to have an internal audit function and the committee feels that sufficient comfort is obtained through the scope and quality of management's ongoing monitoring of risks.

Due to the small size of the Board, the Directors consider that a nomination committee need not be established.

## COMPANY INFORMATION

### Company advisers

#### Company Secretary and registered office

Richard Pollard  
Premier House  
2 Jubilee Way  
Elland  
West Yorkshire HX5 9DY

#### Registered number

00053417

#### Chartered accountants and statutory independent auditor

Grant Thornton UK LLP  
No.1 Whitehall Riverside  
Leeds LS1 4BN

### Registrars

#### Link Group

Unit 10 Central Square  
29 Wellington Street  
Leeds LS1 4DL

#### Stockbrokers and nominated advisers

#### WH Ireland Limited

24 Martin Lane  
London EC4R 0DR



# Report of the Directors

The Directors present their report and the audited Group and Parent Company financial statements for the year ended 31 December 2023. Future developments in the business and dividends paid and proposed are discussed in the Strategic Report. The Group's financial risk management policy is discussed in the Financial Review.

## Directors

The Directors of the Parent Company, all of whom served during the whole of the year ended 31 December 2023, and up to the date of signing the Group and Parent Company financial statements, were:

### Executive Directors

J-J. Murray, X. Mignolet and E. Sebag.

### Non-Executive Directors

J-P. Murray, M-C. Leon and H. Shouler.

J-P. Murray and X. Mignolet retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

Brief biographical details of the Directors are set out on page 17.

### Directors' liability insurance

The Parent Company has maintained a Directors' qualifying third-party indemnity policy throughout the financial year and up to the date of signing the financial statements. Neither the Company's indemnity nor insurance provide cover in the event that a Director is proved to have acted fraudulently or dishonestly. No claims have been made under either the indemnity or insurance policy.

### Substantial shareholdings

At 14 May 2024, the Parent Company had been notified of the following interests of 3% or more in its share capital:

	Number of shares	Percentage of share capital
EOI Fire SARL	9,861,954	80.44%
Tristar Fire Corp.	2,256,033	18.40%

Insofar as it is aware, the Parent Company has no institutional shareholders.

J-J. Murray, J-P. Murray and M-C. Leon are Directors of London Security plc as well as Tristar Fire Corp.

### Corporate culture and ethical values

The Group has a long-established heritage and reputation based on sound ethical values and the Board considers this to be of great ongoing value. Many companies within our market sector envy our reputation and we frequently optimise this commercially and by attracting new staff.

We have a long list of accreditations, including ISO 9001 and ISO 14001.

We pride ourselves on providing our staff with a good working environment within a strong ethical culture. The local staff handbooks are regularly reviewed by the senior operations teams and are provided to all staff on commencement of employment and are available at all times via a Company intranet site. The Group has a large number of long-serving staff members, many with 30 years' plus service, which is a testament to our working culture.

### Health, safety and the environment

The maintenance and improvement of working standards to safeguard the health and wellbeing of staff and customers alike is a continuing priority. Health and Safety Officers are appointed at each Group location and they receive periodic training to keep abreast of both legislative requirements and technological advances. It is Group policy to operate in a reasonable manner with regard to the environment.

### Employment of disabled persons

The Group is committed to employment policies that follow best practice based on equal opportunities for all employees and offer appropriate training and career development for disabled staff. If members of staff become disabled, the Group continues employment wherever possible and arranges retraining if required.

### Employee involvement

The Group recognises the need to ensure effective communications with employees to encourage involvement in the Group's performance and achieve a common awareness of factors affecting that performance. Policies and procedures have been developed to suit the needs of each subsidiary undertaking, which take into account factors such as numbers employed and location and include newsletters and communication meetings.

### Payment to suppliers

The Parent Company and Group agree payment terms with all suppliers when they enter into binding purchase contracts. The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not follow any standard or external code which deals specifically with the payment of suppliers.

At 31 December 2023, Group average creditor days were 38 days (2022: 38 days). The Parent Company had no trade creditors at either year end.

### Stakeholder engagement

Also refer to the S172 statement in the Strategic Report for further details.

# Report of the Directors continued

## Stakeholder engagement continued

Engaging with our stakeholders is key to our success and delivering our strategy. We have various mechanisms that enable the Board and management to understand and consider stakeholder views as part of their decision making. The key stakeholder groups and the ways in which we engage with them are set out below:

**Customers** – feedback from customers enables us to develop service plans and products that better meet their needs. Our engineers interact with customers on a daily basis. When customers need extra support our customer service team is available to offer assistance.

**Suppliers** – we work with suppliers worldwide which provide products that support us in delivering high-quality and safe products for our customers. We aim to have an open, constructive and effective relationship with all suppliers including site visits by our staff.

**Investors** – we maintain regular dialogue with investors to communicate our strategy and performance in order to promote investor confidence and ensure our continued access to capital. We use our website to facilitate distribution of our results and news. There is an AGM open to all investors.

**Employees** – the Group recognises the need to ensure effective communications with employees to encourage involvement in the Group's performance and achieve a common awareness of factors affecting that performance. Policies and procedures have been developed to suit the needs of each subsidiary undertaking, which take into account factors such as numbers employed and location and include newsletters and communication meetings. We involve and listen to employees to maintain strong employee engagement and retain talented people. We consult employees or their representatives on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests. We have a number of employee representative groups across Europe to facilitate this. We encourage the involvement of our employees in the performance of their Company by linking their remuneration to a series of incentive schemes.

**Environment** – the Group has a long-established heritage and reputation based on sound ethical values and the Board considers this to be of great ongoing value. In recent years, many of our product innovations have been focused on limiting our environmental impact. We have a long list of accreditations, including ISO 9001 and ISO 14001.

## Streamlined energy and carbon reporting

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 amended the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to require large UK companies to report information on greenhouse gas emissions in their directors' reports. The Directors have concluded that no reporting is required as none of the Group's UK companies are large companies, its overseas entities are not in scope for this reporting and London Security plc itself is a low energy user.

## Non financial and sustainability information statement

This is disclosed within the Strategic Report.

### Donations

The Parent Company and the Group made no political donations during the year (2022: £Nil) and made charitable donations of £1,000 (2022: £1,000).

### Future developments

Future developments are discussed in the Chairman's Statement and in the Strategic Report.

### Post balance sheet events

Subsequent to the year end, the Group has completed the acquisition of further service contracts for a total of £922,000 (2022: £2,480,000).

### Dividends

Dividends are discussed in the Chairman's Statement.

### Purchase of own shares and authorities to issue shares

During the year the Company purchased 1,100 shares with a nominal value of 1 pence each at a total cost of £33,000. (2022: 500 shares with a nominal value of 1 pence each at a total cost of £13,000). These shares were held in Treasury and subsequently cancelled.

As at 14 May 2024 there remained outstanding general authority for the Directors to purchase a further 498,900 ordinary shares. Resolution 8 is to be proposed at the Annual General Meeting to extend this authority until the 2025 Annual General Meeting.

The special business to be proposed at the 2024 Annual General Meeting also includes, in resolution 7, a special resolution to authorise the Directors to issue shares for cash, other than pro rata to existing shareholdings, in connection with any offer by way of rights not strictly in accordance with statutory pre-emption rights or otherwise, up to a maximum nominal value of £6,130, being 5% of the Parent Company's issued ordinary share capital. This authority will expire on the earlier of the date of next year's Annual General Meeting or 15 months after the passing of the resolution. The passing of that resolution is subject to resolution 6, an ordinary resolution, being approved to authorise the Directors to have the power to issue ordinary shares.

### Going concern statement

The Directors have prepared these financial statements on the fundamental assumption that the Group is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements, being the period to 30 June 2025. In determining whether the Group's accounts should be prepared on a going concern basis, the Directors have considered the factors likely to affect future performance. The Board approved a budget for 2024 and forecasts to June 2025 (together "the base case budget") based on the experience gained during the course of 2023.

The Group's business activities, together with factors likely to affect its future development and performance, are described in the Strategic Report. At 31 December 2023, the Group held cash and cash equivalents of £32.7 million. Total debt at 31 December 2023 was £0.5 million.

The base case budget includes significant cash headroom throughout the period.

The Directors have also modelled sensitivities to the base case budget around revenue decline and input inflation increases and demonstrated that the Group would still expect to have significant cash headroom after applying these sensitivities. A reverse stress test was performed to evaluate the decline in revenue required to query the going concern statement but the decline was so significant as to be implausible. To the extent that there is a significant downturn in trading compared with expectations, the Directors are satisfied that mitigating actions could be taken, if necessary, including suspending dividend payments.

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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 prepared the Group financial statements in accordance with UK adopted international accounting standards and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the Group financial statements and United Kingdom Generally Accepted Accounting Practice has been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the ultimate Parent Company are responsible for the maintenance and integrity of the corporate and financial information included on the ultimate Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved, the Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company's auditor is aware of that information.

### Independent auditor

A resolution is to be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006 for the re-appointment of Grant Thornton UK LLP as independent auditor of the Parent Company and authorising the Directors to set its remuneration.

### Annual General Meeting

The Notice of the Annual General Meeting is set out on pages 71 to 73. A form of proxy is enclosed for you to complete according to the instructions printed on it and send to the postage paid address. All proxies must be received by 11 am on 25 June 2024.

By order of the Board

**R. Pollard**  
Company Secretary

14 May 2024

# Directors' remuneration report

## Remuneration committee

The remuneration committee comprises H. Shouler and J.-J. Murray. The committee is chaired by H. Shouler, who is an Independent Non-Executive Director. The remuneration of Non-Executive Directors is set by a committee of the other Directors. No Director is involved in deciding his or her own remuneration.

## Policy on Executive Directors' remuneration

It is the Parent Company's policy to provide the packages needed to attract, retain and motivate Directors of the quality required, bearing in mind the size and resources of the Parent Company and its position relative to other companies.

## Directors' remuneration

Directors' emoluments totalled £710,006 (2022: £670,935). This includes an amount paid to the highest paid Director of £486,564 (2022: £473,210).

In compliance with the amendment to AIM Rule 19, the following disclosure in respect of Directors' remuneration is made:

	Emoluments and compensation including any cash or non-cash benefits received	
	2023	2022
J.G. Murray	£Nil	£Nil
J.-J. Murray	£159,442	£133,725
X. Mignolet	£486,564	£473,210
E. Sebag	£Nil	£Nil
J-P. Murray	£20,000	£20,000
M-C. Leon	£20,000	£20,000
H. Shouler	£24,000	£24,000

None of the Directors participate in Group pension arrangements. The Company paid no contributions to any private pension schemes.

The Group and Parent Company is 80% owned by EOI Fire SARL ("EOI"). On 10 December 1999, the Parent Company and EOI entered into a Services Agreement. The agreement confirms that the business shall be managed by the Board for the benefit of the shareholders as a whole. The costs relating to the Head Office and other expenses of the Executive Directors are limited under the Services Agreement and reviewed annually. The total costs amounted to £804,374 (2022: £734,774) for the year ended 31 December 2023 as per the Services Agreement.

On behalf of the Board

**H. Shouler**

Chairman of the remuneration committee

14 May 2024

# Independent auditor's report

to the members of London Security plc

## Opinion

### Our opinion on the financial statements is unmodified

We have audited the financial statements of London Security plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cashflows, and notes to the financial statements, including a summary of significant accounting policies, the Parent Company balance sheet, the Parent Company statement of changes in equity and notes to Parent company the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's going concern assessment, including monthly forecasts and sensitivity analysis for the period ending 30 June 2025;
- Evaluating the key assumptions applied in the forecasts for reasonableness and determining whether they have been applied appropriately, and assessed the reliability of the data underpinning management's assessment;
- Assessing the reliability of management's forecasting by comparing the accuracy of actual historical financial performance to historic forecast information;
- Evaluating the sensitivity analysis performed on the forecasts by management, including a significant reduction in forecast revenues as the key sensitivity;
- Obtaining management's "reverse stress test" analysis to estimate the reduction in revenues, together with an increase in cost, required to eliminate the headroom in the cash flow forecasts and assessing whether mitigating actions were available, should they be required;



# Independent auditor’s report continued

to the members of London Security plc

## Conclusions relating to going concern continued

- Inquiring whether management and those charged with governance are aware of events or conditions beyond the period of management’s assessment that may cast significant doubt on the entity’s ability to continue as a going concern; and
- Assessing the adequacy of going concern disclosures included within the Financial Statements by management including within the Report of Directors, the basis of preparation in note 2 to the financial statements, and the significant judgement disclosure in note 4.

In our evaluation of the directors’ conclusions, we considered the inherent risks associated with the group’s and the parent company’s business model including effects arising from macro-economic uncertainties including high inflation levels and the Middle Eastern conflict, and we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group’s and the parent company’s financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s and the parent 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.

## Our approach to the audit



### Overview of our audit approach

Overall materiality:

Group: £1,570,000, which represents 5% of the group’s profit before tax.

Parent company: £531,000, which represents 1% of the parent company’s total assets.

One key audit matter has been identified, being:

- Risk that the revenue cycle includes fraudulent transactions – same as previous year

Scoping has been determined to ensure appropriate coverage of the significant risks in addition to coverage of the key results in the Annual Report and Accounts. Our audit procedures achieved the following coverage:

Group revenue: 75%

Group profit before tax: 78%

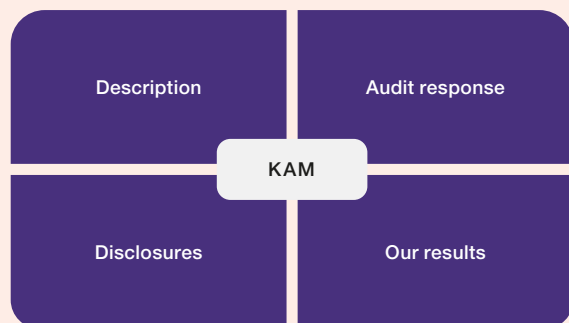
This involved audit of the financial information of four Belgian components using component materiality (full-scope audit) and the audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) for 16 components. This work was performed by the Group engagement team and component auditors located in Belgium, the Netherlands and Austria.

We performed analytical procedures at Group level on the financial information of all remaining Group components.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**Key audit matters continued**

In the graph below, we have presented the key audit matters and significant risks relevant to the audit.



**Key audit matter – Group**

**Risk that the revenue cycle contains fraudulent transactions**

We identified the risk that the revenue cycle contains fraudulent transactions as one of the most significant assessed risks of material misstatement due to fraud.

The group generates total revenue of £219.7m which is recognised either at a point in time (£188.1m of total revenue) or over the period of time that the service is performed (£31.6m of total revenue).

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue and the revenue recorded by the group is also one of the key determinants of group profit before tax, which is the primary financial Key Performance Indicator (KPI) for the group.

We have assessed this risk to reside primarily within:

- Revenues recorded during the final two months of the year (determined with reference to debtors days and likelihood of payment) for revenues recognised at a point in time.

There is an increased risk that these revenues did not occur if they have not been paid at the balance sheet date.

**Relevant disclosures in the Annual Report and Accounts 2023**

The Group’s accounting policy on revenue recognition and related disclosures, including the split of revenue between point in time and over time, is shown in Note 2 and in the Summary of significant accounting policies.

**How our scope addressed the matter – Group**

In responding to the key audit matter, we performed the following audit procedures:

- Documenting our understanding of the design and implementation of processes and controls in place related to revenue recognition, and performing extended walkthroughs to confirm the design and implementation of these controls;
- Assessing consistency and appropriateness of the accounting policies applied for revenues recognised at a point in time with the financial reporting standard, IFRS 15 ‘Revenue from Contracts with Customers’;
- Agreeing a sample of revenue transactions where income is recognised at a point in time through agreement to relevant third-party supporting documentation, such as proof of delivery, proof of service and cash receipt, to confirm that revenue was only recognised once the performance obligation had been met; and
- Testing a sample of sales around the year end, and a sample of post year end credit notes raised, to determine whether cut off procedures were appropriate.

**Our results**

Based on our audit work, we did not identify any material misstatement in the point in time revenue recognised in the final two months of the year ended 31 December 2023.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

# Independent auditor's report continued

to the members of London Security plc

## Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

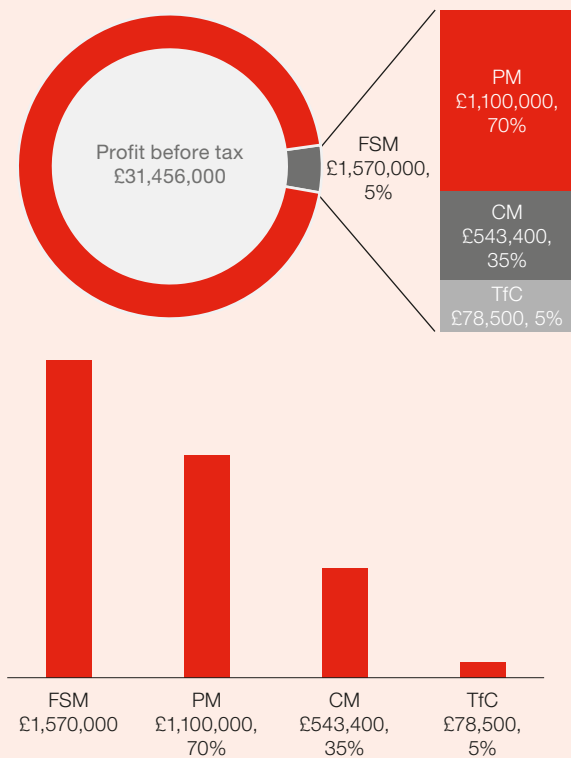
Materiality measure	Group	Parent Company
<b>Materiality for financial statements as a whole</b>	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£1,570,000 (2022: £1,345,000) which represents 5% of profit before tax.	£531,000 (2022: £543,000), which represents 1% of total assets.
Significant judgements made by auditor in determining materiality	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Profit before tax was determined to be the most appropriate benchmark for the group as it is a measure against which performance of the Group is assessed both internally and externally, and a generally accepted auditing benchmark for listed companies. This benchmark is consistent with that used in the prior year.</li> <li>Materiality for the current year is higher than the level that we determined for the year ended 31 December 2022 to reflect an increase in profit before tax.</li> </ul>	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Total assets was determined to be the most appropriate benchmark given the primary activities of the parent company as a holding company and its major activities relating to fixed assets included in the financial statements.</li> <li>Materiality for the current year is lower than the level that we determined for the year ended 31 December 2022 to reflect a decrease in total assets.</li> </ul>
<b>Performance materiality used to drive the extent of our testing</b>	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£1,100,000 (2022: £945,000), which is 70% of financial statement materiality.	£371,700, (2022: £380,000) which is 70% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Assessment of the strength of the control environment of the Group and its entities across the UK and Europe;</li> <li>Assessment of the information systems used for key business processes and reporting; and</li> <li>Consideration of control findings and misstatements from the prior year audit.</li> </ul>	Performance materiality for the parent company involved the same significant judgements as were made for group.
<b>Specific materiality</b>	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>Directors' remuneration; and</li> <li>Identified related party disclosures outside of the normal course of business.</li> </ul>	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>Identified related party disclosures outside of the normal course of business.</li> </ul>

**Our application of materiality continued**

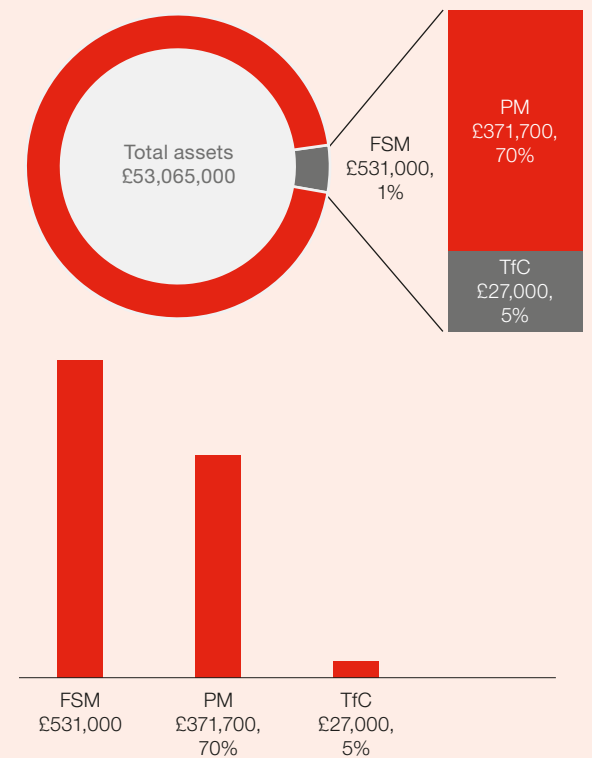
Materiality measure	Group	Parent Company
<b>Communication of misstatements to the audit committee</b>	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£78,500 (2022: £67,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£27,000 (2022: £27,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

Overall materiality – Group



Overall materiality – Parent Company



FSM: Financial statement materiality, PM: Performance materiality, CM: Component materiality at tested components, TtC: Threshold for communication to the audit committee.

**An overview of the scope of our audit**

We performed a risk-based audit that requires an understanding of the group’s and the parent company’s business and in particular matters related to:

**Understanding the group, its components, and their environments, including group-wide controls**

- Obtaining and documenting an understanding of the design and implementation of controls in place that relate to significant risks;
- Evaluation of the group’s internal control environment, including its IT systems and controls.

**Identifying significant components**

- Evaluation by the group audit team of UK and overseas components to assess the significant of each component and to determine the planned audit response based on a measure of materiality, including their relative contribution to the group’s revenues and profit before tax.

# Independent auditor's report continued

to the members of London Security plc

## An overview of the scope of our audit continued

### Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Full-scope audit procedures were performed on the financial information of the parent company, and four Belgian components.
- Audit of one or more classes of transaction, account balances or disclosures were performed on the financial information of 16 components located in the UK, the Netherlands and Austria.
- The key audit matter of risk of fraud in revenue recognition was addressed through audit procedures on the final two months of revenue in the components scoped for full-scope audit and specified audit procedures on revenue.

### Performance of our audit

- Components subject to full scope or audit of one or more classes of transaction, account balances or disclosures contributed 75% of consolidated revenues and 78% of consolidated profit before as outlined in the table below.
- The group engagement team visited the UK head office and attended inventory counts at two further locations. The component auditors also visited head offices in Belgium, the Netherlands and Austria.
- We evaluated the group's internal control environment including its IT systems and controls.

Audit approach	No. of components	% coverage revenue	% coverage profit before tax
Full-scope audit	4 (2022: 4)	29 (2022: 32)	48 (2022: 45)
Audit of one or more classes of transaction, account balances or disclosures	16 (2022: 14)	46 (2022: 46)	30 (2022: 26)

### Communications with component auditors

- The audit of the Belgian components was performed by the Belgian component auditors such that we had appropriate direction and involvement in the work of the component auditor throughout the audit. This included providing detailed group instructions, briefing the component auditors, directing the risk assessment and fraud discussions, regular communication with the component auditor, attendance at audit close meetings and review and evaluation of the work performed by the component auditor for the purpose of the group audit; and
- For 16 non-significant components located in the UK, the Netherlands and Austria we carried out either specified audit procedures or audits of one or more account balances, classes of transactions or disclosures. The procedures for components located in the Netherlands and Austria were performed by component auditors. We had appropriate direction and involvement in the work of the component auditor throughout the audit. This included providing detailed group instructions, briefing the component audit team, directing the risk assessment and fraud discussions, regular communication with the component auditor, and review and evaluation of the work performed by the component auditor for the purpose of the group audit.

### Changes in approach from previous period

- There have been no changes to the components that were in scope for full-scope audit procedures between the prior year and current year. The group scoping for the components subject to an audit of one or more classes of transactions, account balances or disclosures brought four more UK components into scope than prior year, and one Belgian entity was no longer in scope.

### Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and accounts. 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 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 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.



## Other information continued

### Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

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

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

### Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined that the most significant laws and regulations were: financial reporting legislation (United Kingdom Generally Accepted Accounting Practice, UK-adopted International Accounting Standards, the AIM Rules, and the Companies Act 2006) and tax legislation;
- We obtained an understanding of how the parent company and the group is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through inspection of board minutes;
- We made enquiries of management as to whether there were any known or suspected instances of non-compliance with laws and regulations or fraud that could have a material impact on the financial statements. We corroborated the results of our enquiries to supporting documentation such as board minutes and papers provided to the Audit Committee;

# Independent auditor's report continued

to the members of London Security plc

## Other information continued

### Auditor's responsibilities for the audit of the financial statements continued

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls;
- Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Journal entry testing, in particular of journals that were indicative of unusual transactions based on our understanding of the business. This included performing primary testing to identify significant journals posted to revenue that do not follow the expected revenue cycle, large non-revenue credit postings impacting earnings before interest, tax, depreciation and amortisation (EBITDA), large debit postings that impact lines below EBITDA on the Consolidated income statement, and large or unusual postings by generic user IDs;
  - Challenging assumptions and judgements made by management in its significant accounting estimates; and
  - Identifying and testing related party transactions;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and their practical experience through training and participation with audit engagements of a similar nature;
- Communications to the engagement team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition and areas of significant management judgement and estimation; and
- We requested the component auditors to perform procedures to assess whether there was any non-compliance with laws and regulations in the overseas components that could have a material impact on the group 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: [www.frc.org.uk/auditorsresponsibilities](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.

### Mark Overfield BSc FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

14 May 2024

# Consolidated income statement

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Revenue</b>		<b>219,705</b>	188,898
Cost of sales		<b>(58,988)</b>	(49,748)
<b>Gross profit</b>		<b>160,717</b>	139,150
Distribution costs		<b>(81,373)</b>	(70,565)
Administrative expenses		<b>(47,762)</b>	(41,420)
<b>Operating profit</b>	24	<b>31,582</b>	27,165
EBITDA*		<b>42,660</b>	37,269
Depreciation and amortisation		<b>(11,078)</b>	(10,104)
<b>Operating profit</b>	24	<b>31,582</b>	27,165
Finance income		<b>226</b>	31
Finance costs		<b>(264)</b>	(242)
Finance costs – net	6	<b>(38)</b>	(211)
<b>Profit before income tax</b>	7	<b>31,544</b>	26,954
Income tax expense	8	<b>(8,280)</b>	(6,729)
<b>Profit for the year</b>		<b>23,264</b>	20,225
<b>Profit is attributable to:</b>			
<b>Equity shareholders of the Company</b>		<b>23,264</b>	20,216
<b>Non-controlling interest</b>		<b>–</b>	9
		<b>23,264</b>	20,225
<b>Earnings per share</b>			
Basic and diluted	9	<b>189.8p</b>	164.9p

\* Earnings before interest, tax, depreciation and amortisation.

The notes on pages 36 to 64 are an integral part of these consolidated financial statements.

The above results are all as a result of continuing operations.

# Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Profit for the financial year		<b>23,264</b>	20,216
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
– currency translation differences on foreign currency net investments		<b>(1,579)</b>	3,602
Items that will not be reclassified subsequently to profit or loss:			
– actuarial loss recognised in the Nu-Swift Pension Scheme	21	<b>52</b>	(111)
– movement on deferred tax relating to the Nu-Swift Pension Scheme surplus	19	<b>(18)</b>	38
– actuarial (loss)/gain recognised in the Ansul Pension Scheme	21	<b>(171)</b>	1,249
– movement on deferred tax relating to the Ansul Pension Scheme deficit	19	<b>43</b>	(285)
Other comprehensive expense for the year, net of tax		<b>(1,673)</b>	4,493
<b>Equity shareholders of the Company</b>		<b>21,591</b>	24,709
<b>Non-controlling interest</b>		<b>–</b>	9
<b>Total comprehensive income for the year</b>		<b>21,591</b>	24,718

The notes on pages 36 to 64 are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2023

	Ordinary shares £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2022 as previously presented	123	344	1	2,033	5,056	124,072	118	131,747
Impact of IAS 12 amendment	—	—	—	—	—	12	—	12
At 1 January 2022 as restated	123	344	1	2,033	5,056	124,084	118	131,759
<b>Total comprehensive income for the year</b>								
Profit for the financial year	—	—	—	—	—	20,216	9	20,225
Other comprehensive income/(expense):								
– exchange adjustments	—	—	—	—	3,602	—	—	3,602
– actuarial gain on pension schemes	—	—	—	—	—	1,138	—	1,138
– net movement on deferred tax relating to pension deficit	—	—	—	—	—	(247)	—	(247)
Total comprehensive income/(expense) for the year	—	—	—	—	3,602	21,107	9	24,718
Contributions by and distributions to owners of the Company:								
– purchase of own shares	—	—	—	—	—	(13)	—	(13)
– dividends	—	—	—	—	—	(10,298)	—	(10,298)
	—	—	—	—	—	(10,311)	—	(10,311)
Reduction in non-controlling interest	—	—	—	—	—	(158)	(127)	(285)
At 31 December 2022 and 1 January 2023	123	344	1	2,033	8,658	134,722	—	145,881
<b>Total comprehensive income for the year</b>								
Profit for the financial year	—	—	—	—	—	23,264	—	23,264
Other comprehensive income:								
– exchange adjustments	—	—	—	—	(1,579)	—	—	(1,579)
– actuarial gain on pension schemes	—	—	—	—	—	(119)	—	(119)
– net movement on deferred tax relating to pension schemes	—	—	—	—	—	25	—	25
Total comprehensive income for the year	—	—	—	—	(1,579)	23,170	—	21,591
Contributions by and distributions to owners of the Company:								
– purchase of own shares	—	—	—	—	—	(33)	—	(33)
– dividends	—	—	—	—	—	(15,196)	—	(15,196)
	—	—	—	—	—	(15,229)	—	(15,229)
<b>At 31 December 2023</b>	<b>123</b>	<b>344</b>	<b>1</b>	<b>2,033</b>	<b>7,079</b>	<b>142,663</b>	<b>—</b>	<b>152,243</b>

The merger reserve is not a distributable reserve. The other reserves relate entirely to the effects of changes in foreign currency exchange rates.

The notes on pages 36 to 64 are an integral part of these consolidated financial statements.



# Consolidated statement of financial position

as at 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	17,749	14,940
Right of use assets	12	6,549	5,975
Intangible assets	13	77,382	77,076
Deferred tax asset	19	749	719
Retirement benefit surplus	21	342	276
		<b>102,771</b>	<b>98,986</b>
<b>Current assets</b>			
Inventories	15	22,143	22,260
Trade and other receivables	16	44,488	40,699
Cash and cash equivalents	17	32,737	33,962
		<b>99,368</b>	<b>96,921</b>
<b>Total assets</b>		<b>202,139</b>	<b>195,907</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(36,403)	(36,431)
Income tax liabilities		(2,275)	(1,440)
Borrowings	20	(381)	(1,598)
Lease liabilities	26	(2,274)	(2,040)
Provision	22	(6)	(10)
		<b>(41,339)</b>	<b>(41,519)</b>
<b>Non-current liabilities</b>			
Trade and other payables	18	(1,090)	(936)
Borrowings	20	(97)	(236)
Lease liabilities	26	(4,402)	(4,033)
Derivative financial instruments	14	—	—
Deferred tax liabilities	19	(1,811)	(2,211)
Retirement benefit obligations	21	(1,021)	(953)
Provision	22	(136)	(138)
		<b>(8,557)</b>	<b>(8,507)</b>
<b>Total liabilities</b>		<b>(49,896)</b>	<b>(50,026)</b>
<b>Net assets</b>		<b>152,243</b>	<b>145,881</b>
<b>Shareholders' equity</b>			
Ordinary shares	23	123	123
Share premium	23	344	344
Capital redemption reserve	23	1	1
Merger reserve	23	2,033	2,033
Other reserves	23	7,079	8,658
Retained earnings		142,663	134,722
<b>Total equity</b>		<b>152,243</b>	<b>145,881</b>

The notes on pages 36 to 64 are an integral part of these consolidated financial statements.

The financial statements on pages 31 to 35 were approved by the Board of Directors on 14 May 2024 and were signed on its behalf by:

**J-J. Murray**  
Chairman

14 May 2024

# Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	38,234	30,489
Interest paid		(256)	(111)
Income tax paid		(8,229)	(7,055)
<b>Net cash generated from operating activities</b>		<b>29,749</b>	<b>23,323</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary undertakings (net of cash acquired)	27	(1,582)	(4,078)
Purchases of property, plant and equipment		(7,665)	(4,626)
Proceeds from the sale of property, plant and equipment		721	730
Purchases of intangible assets		(3,033)	(3,193)
Interest received		212	4
<b>Net cash used in investing activities</b>		<b>(11,347)</b>	<b>(11,163)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(1,443)	(2,312)
Payment of lease liabilities		(2,484)	(2,356)
Dividends paid to the Company's shareholders		(15,196)	(10,298)
Purchase of own shares		(33)	(13)
Reduction in non-controlling interest		—	(285)
<b>Net cash used in financing activities</b>		<b>(19,156)</b>	<b>(15,264)</b>
<b>Net increase in cash in the year</b>			
Cash and cash equivalents at the beginning of the year		33,962	35,681
Effects of exchange rates on cash and cash equivalents		(471)	1,385
<b>Cash and cash equivalents at the end of the year</b>	17	<b>32,737</b>	<b>33,962</b>

The notes on pages 36 to 64 are an integral part of these consolidated financial statements.

# Notes to the financial statements

for the year ended 31 December 2023

## 1 General information

The Group headed by London Security plc (the "Parent Company") is a leader in the European fire security industry, providing fire protection for our customers through a local presence in the United Kingdom, Belgium, the Netherlands, Austria, France, Germany, Denmark and Luxembourg.

The Parent Company is a public limited liability company incorporated and domiciled in the United Kingdom. The registered office is Premier House, 2 Jubilee Way, Elland, West Yorkshire HX5 9DY.

The Parent Company is listed on AIM, part of the London Stock Exchange.

## 2 Summary of significant accounting policies

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

### Basis of preparation

These Group financial statements have been prepared in accordance with UK adopted international accounting standards, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under UK adopted IFRS. These Group financial statements have been prepared under the historical cost convention, as modified by accounting for derivative financial instruments at fair value through profit or loss.

The Directors have prepared these financial statements on the fundamental assumption that the Group is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements, being the period to 30 June 2025. In determining whether the Group's accounts should be prepared on a going concern basis the Directors have considered the factors likely to affect future performance. The Board approved a budget for 2024 and forecasts to June 2025 (together "the base case budget") based on the experience gained during the course of 2023. The Group's business activities, together with factors likely to affect its future development and performance, are described in the Strategic Report. At 31 December 2023, the Group held cash and cash equivalents of £32.7 million. Total debt at 31 December 2023 was £0.5 million. The base case budget includes significant cash headroom throughout the period.

The Directors have also modelled sensitivities to the base case budget around revenue and input inflation and demonstrated that the Group would still expect to have significant cash headroom after applying these sensitivities. A reverse stress test was performed to evaluate the decline in revenue required to query the going concern statement but the decline was so significant as to be implausible. To the extent that there is a significant downturn in trading compared with expectations, the Directors are satisfied that mitigating actions could be taken, if necessary, including suspending dividend payments.

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

### Accounting developments

A number of new standards, amendments to standards and interpretations are effective for the year ended 31 December 2023. These are considered either not relevant or to have no material impact on the Group. The following standards have been considered in more detail:

IFRS 17 "Insurance Contracts" establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The Directors have studied the Group's revenue recognition streams and concluded that maintenance contracts, where the customer pays a fixed fee to cover an uncertain future cost, falls within the scope of this standard. The Directors have considered IFRS 17.8 and have elected to apply IFRS 15 for these contracts instead of IFRS 17. This is because, although the maintenance contracts meet the definition of an insurance contract, they have as their primary purpose the provision of services for a fixed fee and satisfy the three criteria set out in the standard.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a single transaction". This required recognition of deferred tax assets and liabilities relating to IFRS 16 leases. An adjustment has been made to recognise a deferred tax asset on the present value of lease liabilities and a deferred tax liability on the value of right of use assets. The adjustment has been made retrospectively in 2022 and resulted in an increase in reserves of £12,000.

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

## 2 Summary of significant accounting policies continued

### Consolidation

Subsidiaries are entities which the Group has power over, exposure or rights to variable returns and an ability to use its power to affect those returns. All subsidiaries share the same reporting date, being 31 December, and the same accounting policies as London Security plc.

The acquisition method of accounting under IFRS 3 is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The costs directly attributable to the acquisition are expensed, with the exception of those relating to the costs to issue debt or equity securities, which are recognised in accordance with IAS 32 and IFRS 9.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Consolidated goodwill is presented at cost less any provision for diminution in value.

### Segment reporting

An operating segment is a group of assets and operations for which discrete financial information is available that is regularly reviewed by the chief operating decision maker ("CODM"). Where operating segments share similar economic characteristics and the segments are similar in relation to the nature of products and services, nature of the production processes and type of customers including method of providing the service, then they may be deemed to be a single operating unit. The Directors have concluded that there is a single operating segment as defined by IFRS 8, being the provision and maintenance of fire protection and security equipment in Europe. Consequently, the results for the year and assets and liabilities relate to this one segment and one geographical area.

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group financial statements are presented in Sterling, which is the Parent Company's functional and presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

#### (c) Group companies

The results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- (ii) income and expenses for each Income Statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised as a separate component of equity and are reported within the Statement of Comprehensive Income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 2 Summary of significant accounting policies continued

### Property, plant and equipment

Plant and equipment held at the date of transition and subsequent additions to property, plant and equipment are stated at purchase cost including directly attributable costs, less accumulated depreciation.

Freehold land is not depreciated. Depreciation on all other assets is calculated using the straight-line method to allocate their cost less residual value over their estimated useful lives, as follows:

Freehold buildings	2%–6%
Plant, machinery and extinguisher rental units	10%–33%
Motor vehicles and share in aircraft	7%–33%
Fixtures, fittings and equipment	10%

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the Income Statement.

### Intangible assets

#### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill on acquisition of subsidiaries is included in "intangible assets". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (b) Approval costs

Approval costs are the expenses incurred in meeting the regulatory requirements measuring the fire rating of our products. Approval costs are shown at historical cost, have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate their cost over their estimated useful lives (10 to 20 years).

#### (c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to ten years) using the straight line method.

#### (d) Service contracts

Service contracts are acquired through business combinations and asset purchases which provide the Group with the contacts and the right to approach the customer. Acquired service contracts are capitalised on the basis of the costs incurred to acquire. Amortisation is calculated using the straight line method to allocate the cost of the contracts over their estimated useful lives (five to ten years).

Where indicators of impairment are identified a detailed impairment review is carried out for intangible assets other than goodwill and will be impaired as required.



## 2 Summary of significant accounting policies continued

### Right of use assets and lease liabilities

The Group recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received. The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group has estimated the incremental borrowing rates at which to discount additional future lease liabilities as 6.55% to 7.30% (2022: 2.80%) for leases denominated in Sterling and 5.30% to 6.55% (2022: 1.55%) for leases denominated in Euros.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is reviewed annually and a provision is made for obsolete, slow-moving or defective items where appropriate.

### Financial instruments recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

### Financial instruments classification and measurement

Financial assets, except for trade receivables, are initially measured at fair value. The Group classifies its financial assets as those to be measured at amortised cost except for derivative financial assets that are at fair value through profit or loss. After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's financial assets include cash and cash equivalents, trade receivables, amounts owed by related undertakings and other receivables. The carrying value of these financial assets is disclosed in note 16 and note 17 to the financial statements.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method except for derivatives, which are carried subsequently at fair value with gains and losses recognised in profit or loss. The Group's financial liabilities include trade payables, other payables, accruals, borrowings and derivative financial liabilities. The carrying value of the financial liabilities is disclosed in note 14, note 18 and note 20 to the financial statements.

The carrying value of assets and liabilities classified at amortised cost approximates to their fair value.

### Trade receivables

The Group has reviewed the composition of its trade receivables and concluded that as the expected term of the receivables is less than one year the receivables do not have a significant financing component. Therefore, the Group will initially measure these assets at their transaction price under IFRS 15 and subsequently adjust for any allowance for expected credit loss under IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. Expected loss rates are based on historical credit losses experienced. Historical loss rates are adjusted to reflect current and forward-looking factors affecting the ability of customers to settle the receivables. Consideration is given to the overall economic environment as well as specific indicators that the recovery of a balance may be in doubt.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 2 Summary of significant accounting policies continued

### Derivative financial instruments

Derivative financial instruments are initially measured at cost at the date the contract is entered into and are remeasured at fair value at the Statement of Financial Position date with any valuation adjustment being reflected in the Income Statement. The fair value at the balance sheet date is calculated based on observable interest rates.

### Cash and cash equivalents

Cash and cash equivalents are included in the Statement of Financial Position at cost. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less, less bank overdrafts where there is a legal right of offset and an intention to settle. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Parent Company purchases its own shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled.

### Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

### Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet liability approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2 Summary of significant accounting policies continued

### Employee benefits

#### Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability and surplus recognised in the Statement of Financial Position in respect of defined benefit pension plans are the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. The defined benefit obligation is calculated triennially by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The net interest cost or income are shown within finance cost or finance income respectively within the Consolidated Income Statement. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income. Net defined benefit pension scheme deficit and surplus are presented separately on the Statement of Financial Position within non-current liabilities and non-current assets respectively before tax relief. The attributable deferred tax asset and liability is included within deferred tax and is subject to the recognition criteria as set out in the accounting policy on deferred taxation.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

#### Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### Revenue recognition

Revenue is shown net of value-added tax and after eliminating sales within the Group.

When assessing revenue recognition against IFRS 15, the Group assesses the contract against the five steps of IFRS 15:

1. Identify the contract with a customer.
2. Identify the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue when/as performance obligations are satisfied.

This process includes the assessment of the performance obligations within the contract and the allocation of contract revenue across these performance obligations once identified. Revenue is recognised either at a point in time or over time, when, or as, the Group satisfies performance obligations by transferring the promised goods or services to its customers. Payment terms are typically between 30 and 60 days. Revenue is based on their relative stand-alone selling prices and recognised as follows:

##### (a) Outright sale of equipment

Revenue from the outright sale of equipment is recognised upon delivery to the customer.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 2 Summary of significant accounting policies continued

### Revenue recognition continued

#### (b) Service

Revenue from the servicing of equipment is recognised when the service has been performed.

#### (c) Maintenance

Revenue from the provision of maintenance services is recognised over the term of the maintenance contract on a pro rata basis with the unexpired portion held in deferred income.

#### (d) Installation

Revenue from the installation of fire protection equipment is recognised over time as an asset controlled by the customer and is created or enhanced by the Group's performance. In such arrangements the Group provides a significant service of integrating goods and services to provide a combined output to the customer. The amount of revenue recognised as the service is performed is based on the assessed value of work completed using the outputs method. Should billings exceed the amount of revenue recognised a contract liability is recognised. Should the amount of revenue recognised exceed billings a contract asset is recognised. There were no material contract assets or liabilities at the year end.

#### (e) Equipment rental

Revenue from the equipment leased to customers under an operating lease is recognised over the term of the lease, typically five years, on a pro rata basis, with the unexpired portion held in deferred income. All contracts are cancellable.

The Group recognises liabilities for consideration received in respect of unsatisfied performance obligations for maintenance and equipment rental revenue and reports these amounts as deferred income in the Statement of Financial Position (see note 18 for opening and closing deferred income balances). For 2023, revenue includes £5,451,000 (2022: £3,752,000) included in the deferred income balance at the beginning of the period. No revenue has been recognised (2022: £Nil) from performance obligations satisfied in previous periods due to a change in transaction price.

The Group derives revenue from the transfer of goods and services over time and at a point in time in the revenue streams previously identified.

	Outright sale £'000	Service £'000	Maintenance £'000	Rental £'000	Installation £'000	Total £'000
<b>2023</b>						
Timing of recognition:						
At a point in time	<b>133,453</b>	<b>54,641</b>	—	—	—	<b>188,094</b>
Over time	—	—	<b>4,444</b>	<b>4,889</b>	<b>22,278</b>	<b>31,611</b>
<b>Total revenue</b>	<b>133,453</b>	<b>54,641</b>	<b>4,444</b>	<b>4,889</b>	<b>22,278</b>	<b>219,705</b>
<b>2022</b>						
Timing of recognition:						
At a point in time	117,324	44,834	—	—	—	162,158
Over time	—	—	4,228	4,367	18,145	26,740
<b>Total revenue</b>	<b>117,324</b>	<b>44,834</b>	<b>4,228</b>	<b>4,367</b>	<b>18,145</b>	<b>188,898</b>

Although the Directors have concluded that there is one segment in which the Group operates, the revenue can be analysed across the following countries:

	2023 £'000	2022 £'000
United Kingdom	<b>44,990</b>	42,052
Belgium	<b>74,242</b>	63,176
Netherlands	<b>51,748</b>	45,150
Austria	<b>27,866</b>	22,287
Rest of Europe	<b>20,859</b>	16,233
	<b>219,705</b>	188,898

## 2 Summary of significant accounting policies continued

### Cost of sales

Cost of sales includes direct material costs net of supplier rebates. Other direct costs, largely direct labour, of £79.2 million (2022: £62.5 million) are included within distribution costs.

### Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's financial statements when paid in the case of interim dividends or in the period in which the dividends are approved by the Parent Company's shareholders in the case of final dividends.

## 3 Financial risk management

### Financial risk factors

The Board considers the Group has exposure to capital risk. Risk management is carried out under treasury policies and guidelines authorised and reviewed by the Board of Directors. This note presents information about the Group's exposure to each of the risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. The Board has also considered the Group's exposure to credit, liquidity, foreign exchange and interest rate risk.

**Credit risk** – the Group's trade receivables consist of a large number of customers spread across diverse industries and geographical locations. The Group does not have any significant credit risk exposure to any single customer. As a result, the Board has concluded that the gross carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. Trade receivables are written off when a customer enters liquidation.

**Liquidity risk** – the Group manages liquidity risk by maintaining adequate cash reserves, which at 31 December 2023 amounted to £32.7 million (2022: £34.0 million), by operating within its agreed banking facilities, by continually monitoring forecast and actual cash flows, by matching the maturity profiles of monetary assets and liabilities. The Group's bank loans at 31 December 2023 amounted to £0.5 million (2022: £1.8 million) and their maturity is analysed in detail in note 20. In view of the significant level of net funds available to the Group of £32.2 million (2022: £32.1 million), the Board has concluded that it has minimal exposure to liquidity risk.

**Foreign currency exchange risk** – there are very few transactions, assets and liabilities that are denominated in a currency that is different to the functional currency of the entity in which they are recorded. As such there is deemed to be little to no foreign currency exchange risk.

**Interest rate risk** – the Group has minimal borrowings and net funds of £32.2 million. Therefore, the Board has concluded there to be no interest rate risk.

### Capital risk

The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth and to provide for an appropriate level of dividend payment to shareholders.

The Group is not subject to external regulatory capital requirements.

	2023 £'000	2022 £'000
Total capital		
Total cash and cash equivalents	<b>32,737</b>	33,962
Less: borrowings	<b>(478)</b>	(1,834)
Net funds	<b>32,259</b>	32,128
Total equity	<b>152,243</b>	145,881
Total capital	<b>184,502</b>	178,009

# Notes to the financial statements continued

for the year ended 31 December 2023

## 4 Significant accounting estimates and judgements

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.

### Significant estimates

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

#### (a) Pension scheme assumptions and mortality tables

The carrying value of the Ansul Pension Scheme is valued using actuarial valuations. These valuations are based on assumptions including the selection of the most appropriate mortality table for the profile of the members in the scheme and the financial assumptions concerning discount rates and inflation. All these are estimates of future events and are therefore uncertain. The choices are based on advice received from the scheme's actuaries which is checked with benchmark surveys. The sensitivity of these assumptions is discussed in note 21, Retirement benefit obligations. Following the completion of the buy-out with Aviva in December 2023, the defined benefit obligation in respect of Nu-Swift International Pension Scheme has been discharged. As such this is no longer deemed to represent a significant estimate.

### Significant judgements

#### (a) Segmental reporting

The chief operating decision maker ("CODM") for the London Security Group has been identified as the executive Board as ultimately this function is responsible for the allocation of resources and assessing the performance of the Group's business units. The internal reporting provided to the CODM is a combination of consolidated financial information and detailed analysis by brand. The management information on which the CODM makes its decisions has been reviewed and is deemed to be the consolidated result for the Group. The Group's companies in different European countries operate under similar economic and political conditions with no different significant risks associated with any particular area and no exchange control risks and the Group's operations are managed on a Pan-European basis with close operational relationships between subsidiary companies. In addition, the nature of products, services, production and distribution is consistent across the region. Accordingly, the Directors have concluded that under IFRS 8 the Group operates in a single geographical and market segment and that there is a single operating segment for which financial information is regularly reviewed by the CODM.

## 5 Employee benefit expense

	2023 £'000	2022 £'000
Wages and salaries	75,034	64,717
Social security costs	14,737	12,697
Other pension costs (note 21)	3,172	2,867
	<b>92,943</b>	80,281

Directors' emoluments including employer's National Insurance totalled £730,464 (2022: £689,015). Directors' emoluments excluding National Insurance totalled £710,006 (2022: £670,934). This includes an amount paid to the highest paid Director of £486,564 (2022: £473,210). Key management personnel are deemed only to be the Directors.

The average monthly number of persons employed by the Group (including Directors) during the year was as follows:

	2023 Number	2022 Number
Production	46	46
Administration and management	1,589	1,550
Total	<b>1,635</b>	1,596



## 6 Finance income and costs

	2023 £'000	2022 £'000
<b>Finance income</b>		
Bank interest receivable	212	3
Expected return on pension scheme assets (note 21)	14	7
Fair value of derivative financial instruments	—	21
<b>Total finance income</b>	<b>226</b>	<b>31</b>
<b>Finance costs</b>		
Interest on bank loans, overdrafts and other loans repayable within five years	(50)	(93)
Amortisation of loan arrangement fees	(6)	(18)
Interest on lease liabilities	(200)	(116)
Interest on pension scheme liabilities (note 21)	(8)	(15)
<b>Total finance costs</b>	<b>(264)</b>	<b>(242)</b>
<b>Net finance costs</b>	<b>(38)</b>	<b>(211)</b>

## 7 Profit before income tax

Profit before income tax is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	4,523	3,959
Depreciation of right of use assets	2,514	2,289
Amortisation of intangible fixed assets	4,041	3,856
Profit on disposal of plant and equipment	(540)	(118)

## Services provided by the Group's external auditor and network firms

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor as detailed below:

	2023 £'000	2022 £'000
<b>Audit services</b>		
Fees payable to the Parent Company's auditor for the audit of the Group's annual accounts	220	187
Fees payable to the Parent Company's auditor and its network firms for other services:		
– the audit of the Parent Company's subsidiaries pursuant to legislation	160	144
	<b>380</b>	<b>331</b>

In addition to the audit fees above there were expenses of £1,000 (2022: £1,000).

# Notes to the financial statements continued

for the year ended 31 December 2023

## 8 Income tax expense

	2023 £'000	2022 £'000
<b>United Kingdom</b>		
Corporation tax	623	556
<b>Foreign tax</b>		
Corporation taxes	8,305	6,771
Total current tax	8,928	7,327
<b>Deferred tax</b>		
Origination and reversal of temporary differences representing:		
– United Kingdom tax	22	(84)
– foreign tax	(670)	(514)
Total deferred tax (note 19)	(648)	(598)
Total tax charge	8,280	6,729

The tax for the year is higher (2022: higher) than the standard rate of corporation tax in the United Kingdom of 23.5% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation	31,544	26,954
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 23.5% (2022: 19%)	7,413	5,121
Effects of:		
– expenses not deductible for tax purposes	761	535
– overseas tax rate in excess of UK standard	106	1,073
Total tax charge	8,280	6,729

The Group's effective income tax rate of 26.2% of profit before tax has increased following the announcement in the UK Chancellor's budget to increase the United Kingdom's main rate of corporation tax to 25.0%. As the increase took effect from 1 April 2023 the UK standard rate of corporation tax for the year ended 31 December 2023 was 23.5%.

## 9 Earnings per share

The calculation of basic earnings per ordinary share ("EPS") is based on the profit on ordinary activities after taxation of £23,264,000 (2022: £20,225,000) and on 12,260,286 (2022: 12,261,477) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

For diluted EPS, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. There was no difference in the weighted average number of shares used for the calculation of basic and diluted earnings per share as there are no potentially dilutive shares outstanding.

	2023		2022	
	£'000	Pence	£'000	Pence
Profit on ordinary activities after taxation	23,264	189.8	20,225	164.9

## 10 Dividends per share

	2023 £'000	2022 £'000
<b>Equity – ordinary shares</b>		
Final paid £0.42 (2022: £0.42) per share	<b>5,145</b>	5,149
Interim paid £0.82 (2022: £0.42) per share	<b>10,051</b>	5,149
	<b>15,196</b>	10,298

The Board is recommending the payment of a final dividend in respect of the year ended 31 December 2023 of £0.42 per ordinary share (2022: £0.42).

## 11 Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Extinguisher rental units £'000	Motor vehicles and share in aircraft £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2022	10,302	4,550	12,225	15,117	5,565	47,759
Additions	95	375	371	2,946	840	4,627
On acquisitions of subsidiary undertakings	—	77	—	275	2	354
Disposals	(372)	(13)	(32)	(1,272)	(633)	(2,322)
Exchange adjustment	337	209	646	816	262	2,270
At 1 January 2023	10,362	5,198	13,210	17,882	6,036	52,688
Additions	28	322	561	6,151	604	7,666
On acquisitions of subsidiary undertakings	—	7	—	55	27	89
Disposals	—	(58)	(313)	(2,464)	(321)	(3,156)
Exchange adjustment	(114)	(74)	(243)	(293)	(92)	(816)
<b>At 31 December 2023</b>	<b>10,276</b>	<b>5,395</b>	<b>13,215</b>	<b>21,331</b>	<b>6,254</b>	<b>56,471</b>
<b>Accumulated depreciation</b>						
At 1 January 2022	6,481	3,556	11,273	8,117	4,342	33,769
Disposals	(136)	(11)	(31)	(1,000)	(532)	(1,710)
Charge for the year	151	243	315	2,577	673	3,959
Exchange adjustment	270	166	605	481	208	1,730
At 1 January 2023	6,766	3,954	12,162	10,175	4,691	37,748
Disposals	—	(56)	(312)	(2,285)	(321)	(2,974)
Charge for the year	136	265	329	3,152	641	4,523
Exchange adjustment	(92)	(58)	(182)	(171)	(72)	(575)
<b>At 31 December 2023</b>	<b>6,810</b>	<b>4,105</b>	<b>11,997</b>	<b>10,871</b>	<b>4,939</b>	<b>38,722</b>
<b>Net book amount</b>						
<b>At 31 December 2023</b>	<b>3,466</b>	<b>1,290</b>	<b>1,218</b>	<b>10,460</b>	<b>1,315</b>	<b>17,749</b>
At 31 December 2022	3,596	1,244	1,048	7,707	1,345	14,940
At 31 December 2021	3,821	994	952	7,000	1,223	13,990

Depreciation and profit/loss on disposal have been charged to the Income Statement through administrative expenses. Freehold land is not depreciated.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 11 Property, plant and equipment continued

Although the Directors have concluded that there is one segment in which the Group operates, the net book amount can be analysed across the following countries:

	2023 £'000	2022 £'000
United Kingdom	3,679	3,787
Belgium	7,802	6,354
Netherlands	2,996	2,239
Austria	1,957	1,442
Rest of Europe	1,315	1,118
	<b>17,749</b>	<b>14,940</b>

## 12 Right of use assets

	Leasehold land and buildings £'000	Motor vehicles £'000	Total £'000
At 1 January 2022	3,945	2,752	6,697
Additions	2,740	1,184	3,924
Disposals	(681)	(400)	(1,081)
Exchange differences	223	23	246
At 1 January 2023	6,227	3,559	9,786
Additions	1,352	1,802	3,154
Disposals	(974)	(804)	(1,778)
Exchange differences	(87)	(10)	(97)
<b>At 31 December 2023</b>	<b>6,518</b>	<b>4,547</b>	<b>11,065</b>
<b>Accumulated depreciation</b>			
At 1 January 2022	1,178	1,222	2,400
Disposals	(557)	(400)	(957)
Charge for the year	1,337	952	2,289
Exchange differences	70	9	79
At 1 January 2023	2,028	1,783	3,811
Disposals	(974)	(804)	(1,778)
Charge for the year	1,461	1,053	2,514
Exchange differences	(28)	(3)	(31)
<b>At 31 December 2023</b>	<b>2,487</b>	<b>2,029</b>	<b>4,516</b>
<b>Net book amount</b>			
<b>At 31 December 2023</b>	<b>4,031</b>	<b>2,518</b>	<b>6,549</b>
At 31 December 2022	4,199	1,776	5,975

Depreciation has been charged to the Income Statement through administrative expenses.

Interest charged on lease liabilities of £200,000 (2022: £116,000) is included within finance costs.

Of the net book amount, £2,863,000 (2022: £2,202,000) is in respect of assets in the United Kingdom £2,036,000 (2022: £2,141,000) is in respect of assets in Belgium. The remaining £1,650,000 (2022: £1,632,000) is spread throughout other European countries in which the Group has operations.

### 13 Intangible assets

	Goodwill £'000	Service contracts £'000	Software £'000	Approval costs £'000	Total £'000
<b>Cost</b>					
At 1 January 2022	72,676	42,881	1,606	2,212	119,375
Additions	119	2,549	438	86	3,192
On acquisitions of subsidiary undertakings	3,217	3,606	—	—	6,823
Disposals	—	—	(2)	—	(2)
Exchange differences	1,295	1,417	92	119	2,923
At 1 January 2023	77,307	50,453	2,134	2,417	132,311
Additions	—	2,249	750	34	3,033
On acquisitions of subsidiary undertakings	666	970	—	—	1,636
Disposals	—	—	(32)	—	(32)
Exchange differences	(461)	(517)	(34)	(42)	(1,054)
<b>At 31 December 2023</b>	<b>77,512</b>	<b>53,155</b>	<b>2,818</b>	<b>2,409</b>	<b>135,894</b>
<b>Accumulated amortisation</b>					
At 1 January 2022	15,959	29,981	1,271	2,090	49,301
Disposals	—	—	(2)	—	(2)
Charge for the year	—	3,602	222	32	3,856
Exchange differences	1,065	834	69	112	2,080
At 1 January 2023	17,024	34,417	1,560	2,234	55,235
Disposals	—	—	(32)	—	(32)
Charge for the year	—	3,817	187	37	4,041
Exchange differences	(369)	(299)	(25)	(39)	(732)
<b>At 31 December 2023</b>	<b>16,655</b>	<b>37,935</b>	<b>1,690</b>	<b>2,232</b>	<b>58,512</b>
<b>Net book amount</b>					
<b>At 31 December 2023</b>	<b>60,857</b>	<b>15,220</b>	<b>1,128</b>	<b>177</b>	<b>77,382</b>
At 31 December 2022	60,283	16,036	574	183	77,076
At 31 December 2021	56,717	12,900	335	122	70,074

Amortisation has been charged to the Income Statement through administrative expenses.

The Group monitors contract retention rates for any indication of impairment.

Additions as a result of the acquisition of subsidiary undertakings are discussed in further detail in note 27.

The goodwill that arose on acquisition can be attributed to a multitude of assets, including the skills and experience of staff within the acquired business and anticipated synergies arising from the acquisition, that cannot readily be separately identified for the purposes of fair value accounting.

Included in software additions is £493,000 of assets under construction. As such these have not been amortised in the year ended 31 December 2023. These assets will be amortised when the assets are brought into use.

#### Impairment tests for goodwill

The Group tests annually whether the carrying value of goodwill has suffered any impairment, in accordance with its accounting policy. The recoverable amount of goodwill is determined based on value-in-use calculations for each Cash Generating Unit ("CGU") group. The value of goodwill is split into two CGU groups to assess indicators of impairment. Of the total goodwill £46,577,000 (2022: £46,003,000) relates to Ansul Group companies (based mainly in Belgium, Austria and the Netherlands) and £14,280,000 (2022: £14,280,000) relates to the integrated UK companies. Of the total service contracts £12,264,000 (2022: £12,842,000) relates to Ansul Group companies and £2,956,000 (2022: £3,194,000) relates to the integrated UK companies.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 13 Intangible assets continued

### Impairment tests for goodwill continued

The value-in-use calculations have used pre-tax cash flow projections forecast based on the budget approved by the Board for the year ending 31 December 2024. The key assumptions used in the cash flow projections were:

**Short-term forecasts:** Assumptions have been made about the short-term forecasts, used in the impairment assessment. The budget for 2024 was based on 2023 forecast results with adjustments made for input and wage inflation and sales price increases. The budget for 2024 was projected into perpetuity with an allowance for growth as described below.

**Growth rate:** An estimated growth rate of 1% (2022:1%) reflecting the mature nature of the market in which the cash-generating units operate.

**Discount rate:** The cash flows have then been discounted using a pre-tax rate of 12.5% (2022:12.5%). The CGUs in different European countries operate under similar economic and political conditions with no different significant risks associated with any particular area and no exchange control risks. In addition, the nature of products, services, production and distribution is consistent across the region. Accordingly, the Directors have concluded that a single discount rate is appropriate to discount future cash flows.

**Identification of CGUs:** CGUs are identified based on operating cash inflows and grouped to the lowest level within the entity at which goodwill is monitored for internal management purposes. The degree of integration in IT, product supply and staff expertise between the component companies is also considered.

**Sensitivity analysis:** The value-in-use calculations did not indicate impairment in any goodwill. We have considered the sensitivity of the value-in-use calculations to changes in all the assumptions and concluded that there is no reasonably possible assumption change that could result in an impairment.

## 14 Derivative financial instruments

	2023		2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Interest rate agreements	—	—	—	—

The Group entered into interest rate agreements capping SONIA at 1.38% and EURIBOR at 0.25%. The agreements took effect from May 2018 and remained in effect until the loans were repaid in April 2023.

## 15 Inventories

	2023 £'000	2022 £'000
Raw materials and consumables	8,104	9,068
Work in progress	1,337	1,242
Finished goods	12,702	11,950
	<b>22,143</b>	<b>22,260</b>

No (2022: £Nil) previous inventory write downs have been reversed. In 2023 write downs were made of £44,000 (2022: £2,000). The cost of inventories recognised as an expense and included in cost of sales amounted to £46,936,000 (2022: £38,239,000).

## 16 Trade and other receivables

	2023 £'000	2022 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	39,901	38,081
Less: expected credit loss allowance	(2,447)	(2,309)
Trade receivables – net	37,454	35,772
Amounts owed by related undertakings	35	31
Other receivables	2,030	2,186
Prepayments	3,732	1,825
Income tax recoverable	1,237	885
	<b>44,488</b>	<b>40,699</b>



## 16 Trade and other receivables continued

Amounts owed by related undertakings do not attract interest, no security is held in respect of these balances and they are repayable on demand.

In line with our trade receivables accounting policy, the Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped in months past due. On this basis the expected credit loss for trade receivables was determined as follows:

### 31 December 2023 trade receivables

	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.3%	3.12%	17.2%	72.4%	
Gross carrying amount	23,820	10,126	4,063	1,892	39,901
Lifetime expected credit loss	62	316	699	1,370	2,447

### 31 December 2022 trade receivables

	Current	Up to 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.1%	1.8%	12.0%	100.0%	
Gross carrying amount	24,429	8,684	3,235	1,733	38,081
Lifetime expected credit loss	34	154	388	1,733	2,309

The expected credit loss for trade receivables over six months old has been re-assessed in the year. 2022 was overstated as the widespread failure of businesses following the ending of Covid-19 restrictions did not materialise.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023 £'000	2022 £'000
Sterling	9,795	9,875
Euro	34,693	30,824
Total	44,488	40,699

These are detailed as Sterling equivalent.

Movements in the Group provision for expected credit loss allowance are as follows:

	2023 £'000	2022 £'000
At 1 January	2,309	2,064
Increase in loss allowance recognised in the year	750	795
Receivables written off in the year as uncollectable	(336)	(317)
Unused amounts reversed	(276)	(233)
At 31 December	2,447	2,309

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The carrying value of trade and other receivables approximates to fair value.

The Group does not hold any collateral as security.

## 17 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	32,737	33,962

The carrying value of cash at bank and in hand represents its fair value due to its short maturity.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 18 Trade and other payables

	2023 £'000	2022 £'000
<b>Current</b>		
Trade payables	6,772	6,700
Other payables	3,847	3,543
Other taxation and social security	15,923	15,636
Accruals	5,952	5,101
Deferred income	3,909	5,451
	<b>36,403</b>	36,431

£5,451,000 (2022: £3,752,000) of revenue was recognised in the year in respect of items which were included in the deferred income balance at the start of the year.

Contingent consideration of £234,000 (2022: £445,000) in respect of acquisitions is included within other payables.

Deferred consideration of £620,000 (2022: £1,360,000) in respect of acquisitions is included within other payables.

	2023 £'000	2022 £'000
<b>Non-current</b>		
Other payables	1,090	936

## 19 Deferred income tax

	Amount recognised/(provided)		Amount unrecognised	
	2023 £'000	2022 Restated £'000	2023 £'000	2022 £'000
<b>Deferred tax asset</b>				
Pension deficit	259	238	—	—
Decelerated capital allowances	458	456	—	—
Lease liabilities*	1,669	1,518	—	—
Unrecoverable losses	—	—	1,428	1,428
	<b>2,386</b>	2,212	<b>1,428</b>	1,428
<b>Deferred tax liabilities</b>				
Pension surplus	(121)	(98)	—	—
Intangible assets	(1,300)	(1,620)	—	—
Right of use assets*	(1,637)	(1,493)	—	—
Accelerated capital allowances	(390)	(493)	—	—
	<b>(3,448)</b>	(3,704)	—	—
<b>Net deferred tax liability</b>	<b>(1,062)</b>	(1,492)	<b>1,428</b>	1,428

## 19 Deferred income tax continued

	1 January Restated 2023 £'000	Recognised in other comprehensive income £'000	Recognised in business combination – see note 27 £'000	Recognised in Income Statement £'000	31 December 2023 £'000
<b>Non-current assets</b>					
Pension deficit	238	43	—	(22)	259
Lease liabilities*	1,518	—	—	151	1,669
Property, plant and equipment	456	—	—	2	458
	2,212	43	—	131	2,386
<b>Non-current liabilities</b>					
Pension surplus	(98)	(18)	—	(5)	(121)
Intangible assets	(1,620)	—	(243)	563	(1,300)
Right of use assets*	(1,493)	—	—	(144)	(1,637)
Property, plant and equipment	(493)	—	—	103	(390)
	(3,704)	(18)	(243)	517	(3,448)
<b>Net deferred tax liability</b>	(1,492)	25	(243)	648	(1,062)

\* Deferred tax assets and liabilities relating to the application of lease liabilities are netted off in the statement of financial position as they are settled in the same statutory entity, deferred tax assets and deferred tax liabilities presented in the statement of financial position are:

Financial maturity analysis	2023 £'000	2022 Restated £'000
Deferred tax assets	749	719
Deferred tax liabilities	(1,811)	(2,211)
Net deferred tax liability	(1,062)	(1,492)

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which temporary differences will reverse, based on tax rates and laws substantively enacted at the Statement of Financial Position date applicable to the jurisdiction in which the asset/liability is recognised. It is not anticipated that any of the deferred tax asset or liability in respect of the pension deficit or surplus will reverse in the 12 months following the Statement of Financial Position date. Whilst it is anticipated that an element of the remaining deferred tax assets and liabilities will reverse during the 12 months following the Statement of Financial Position date, any such reversal is not expected to be material. The deferred tax asset unrecognised relates wholly to unrecoverable tax losses carried forward within London Security plc Parent Company of £5,712,000 (2022: £5,712,000).

This is the first year of applying the amendments to IAS 12. This required recognition of deferred tax assets and liabilities relating to IFRS 16 leases. An adjustment has been made to recognise a deferred tax asset on the present value of lease liabilities and a deferred tax liability on the value of right of use assets. The adjustment has been made retrospectively in 2022 and resulted in an increase in reserves of £12,000.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 20 Borrowings

	£'000	£'000
<b>Non-current (more than one year but less than five years)</b>		
Bank borrowings:		
– in one to two years	95	158
– between two and five years	2	78
	97	236
<b>Current (one year or less or on demand)</b>		
Bank borrowings	381	1,598
<b>Total borrowings</b>	<b>478</b>	<b>1,834</b>

The carrying value of borrowings approximates to its fair value.

Interest rates (including the bank's margin) on the bank loans in existence during the year averaged 2.66% (2022: 2.24%) per annum. Bank loans are stated net of unamortised finance arrangement costs of £Nil (2022: £6,000), of which £Nil (2022: £Nil) is to be amortised after more than one year.

The table below analyses the Group's financial liabilities including interest which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant balance sheet date. Other financial liabilities include trade payable, other payables and accruals which are expected to be settled in line with the amounts disclosed in note 18.

Financial maturity analysis	2023 £'000	2022 £'000
Bank borrowings:		
– within one year	385	1,619
– in one to two years	95	162
– between two and five years	2	79
	482	1,860

The estimated fair value of the interest rate cap has been included in the Statement of Financial Position as disclosed in note 14. The interest rate cap ended in April 2023 when the loans were repaid.

The borrowings are secured by fixed and floating charges on certain assets of the Group.

The carrying amounts of the Group's borrowings, all of which are floating rate financial liabilities, are denominated in the following currencies:

Currency	Total 2023 £'000	Weighted average interest rate 2023	Total 2022 £'000	Weighted average interest rate 2022
Sterling	–	–	311	3.91%
Euro	478	2.53%	1,523	1.63%
	478	2.53%	1,834	2.24%

## 21 Retirement benefit obligations

The Group operates a number of pension schemes. Details of the major schemes are set out below.

### Nu-Swift International Pension Scheme

Nu-Swift International Limited operated a funded defined benefit pension scheme, which was closed to new entrants with effect from 1 December 2002 and to further accrual on 30 June 2007, providing benefits based on final pensionable earnings. The assets of the scheme were held separately from those of the Group. In May 2020 the trustees entered into a bulk purchase annuity contract with Aviva in respect of all benefits in the scheme. The cash flows arising from the annuity policy therefore match the defined benefit obligation. Any changes in the defined benefit obligation due to changes in financial conditions or demographic factors are therefore offset by movements in the value of the bulk annuity policy. The scheme's assets are stated at their market value at 31 December 2023. The scheme completed the buy-out with Aviva in December 2023 and therefore the defined benefit obligation at 31 December 2023 is £nil.

At 31 December 2023 the scheme had a net defined benefit surplus calculated in accordance with IAS 19 using the assumptions set out of £342,000 (2022: £276,000). The surplus is recognised as it is confirmed that the Group does have an unconditional right to a refund of surplus contributions once all pensions have been applied and the scheme winds up. On this basis, no liability for minimum funding requirements has been recognised.

The Group paid no contributions to the scheme (2022: £Nil) over the year.

The financial assumptions used to calculate the liabilities of the scheme under IAS 19 are:

	2023	2022	2021
Discount rate	n/a	4.80%	1.80%
Inflation rate	n/a	2.90–3.40%	3.20–3.70%
Salary increase rate	n/a	n/a	n/a
Increases for pensions in payment	n/a	2.60–3.30%	2.70–3.60%
Revaluation of deferred pensions	n/a	2.90%	3.20%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory. The average life expectancy in years of a pensioner retiring at age 65 at the Statement of Financial Position date is as follows:

	2023	2022
Male	n/a	21.8
Female	n/a	24.1

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the Statement of Financial Position date, is as follows:

	2023	2022
Male	n/a	22.7
Female	n/a	25.3

The assets in the scheme were:

	Value at 31 December 2023 £'000	Percentage of scheme assets 2023	Value at 31 December 2022 £'000	Percentage of scheme assets 2022
Buy-in annuity policy	—	—	10,449	96.6%
Bonds	68	20%	68	0.6%
Cash	274	80%	298	2.8%
	<b>342</b>		10,815	
Present value of the scheme's liabilities	—		10,539	
Surplus in the Nu-Swift Scheme recognised in the Statement of Financial Position	<b>342</b>		276	
Related deferred tax liability	<b>(121)</b>		(98)	

# Notes to the financial statements continued

for the year ended 31 December 2023

## 21 Retirement benefit obligations continued

### Analysis of the amount recognised in the Income Statement

	2023 £'000	2022 £'000
Interest credit	(14)	(7)
Total operating credit	(14)	(7)

### Movement in the defined benefit obligation over the year

	2023 £'000	2022 £'000
Start of the year	(10,539)	(13,187)
Settlement in respect of buy-out	10,090	—
Interest cost	(458)	(231)
Actuarial gain arising from changes in financial assumptions	108	2,288
Actuarial gain/(loss) arising from changes in demographic assumptions	245	(81)
Benefits paid	554	672
End of the year	—	(10,539)

### Movement in the fair value of the plan assets over the year

	2023 £'000	2022 £'000
Start of the year	10,815	13,567
Settlement in respect of buy-out	(10,090)	—
Interest income	472	238
Actual return on assets (excluding amount included in net interest expense)	(301)	(2,318)
Benefits paid	(554)	(672)
End of the year	342	10,815

### Analysis of the amount recognised in the Consolidated Statement of Comprehensive Income

	2023 £'000	2022 £'000
Actuarial gain on defined benefit obligation	353	2,207
Actual return on assets less interest	(301)	(2,318)
Loss recognised in the Consolidated Statement of Comprehensive Income	52	(111)

### Sensitivity of the liability value to changes in the principal assumptions

Following the completion of the buy-out with Aviva there is no sensitivity in the current year.

### Ansul Pension Scheme

Ansul S.A. operates a number of funded pension schemes, the majority of which are prescribed by the Belgian state. Included within these is a funded pension scheme for which the majority of the Belgian employees are eligible, providing benefits based on final pensionable earnings. The assets of the scheme are held separately from those of the Ansul Group, being invested with Delta Lloyd Life and are valued each year. The total pension cost of the Ansul Group scheme is determined by an independent qualified actuary. The scheme's assets are stated at their market value at 31 December 2023.

The Group paid contributions to the scheme amounting to £420,000 (2022: £383,000) over the year. There are no minimum contribution requirements for this scheme. The Group expects to make contributions of £299,000 in the next reporting period.



**21 Retirement benefit obligations** continued**Ansul Pension Scheme** continued

The financial assumptions used to calculate liabilities of the schemes under IAS 19 are:

	2023	2022	2021
Discount rate	<b>3.40%</b>	3.50%	1.10%
Inflation rate	<b>2.25%</b>	2.25%	2.00%
Salary increase rate	<b>1.00%</b>	1.00%	1.00%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory. The average life expectancy in years of a pensioner retiring at age 65 at the Statement of Financial Position date is as follows:

	2023	2022
Male	<b>21.9</b>	21.9
Female	<b>25.3</b>	25.3

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the Statement of Financial Position date, is as follows:

	2023	2022
Male	<b>22.0</b>	22.0
Female	<b>25.4</b>	25.4

The assets in the scheme were:

	Value at 31 December 2023 £'000	Percentage of scheme assets 2023	Value at 31 December 2022 £'000	Percentage of scheme assets 2022
Assets with guaranteed interest with insurer	<b>2,930</b>	<b>100%</b>	2,849	100%
Present value of the scheme's liabilities	<b>(3,951)</b>	—	(3,802)	—
Deficit in the Ansul scheme recognised in the Statement of Financial Position	<b>(1,021)</b>	—	(953)	—
Related deferred tax asset	<b>255</b>	—	238	—

**Analysis of the amount recognised in the Income Statement**

	2023 £'000	2022 £'000
Interest charge	<b>8</b>	15
Total operating charge	<b>8</b>	15

**Movement in the defined benefit obligation over the year**

	2023 £'000	2022 £'000
Start of the year	<b>(3,802)</b>	(4,802)
Current service cost	<b>(325)</b>	(315)
Interest cost	<b>(120)</b>	(49)
Actuarial (loss)/gain arising from changes in financial assumptions	<b>(160)</b>	1,257
Benefits paid	<b>391</b>	362
Exchange movement	<b>66</b>	(255)
End of the year	<b>(3,951)</b>	(3,802)

# Notes to the financial statements continued

for the year ended 31 December 2023

## 21 Retirement benefit obligations continued

### Movement in the fair value of the plan assets over the year

	2023 £'000	2022 £'000
Start of the year	2,849	2,658
Return on assets	112	34
Actuarial loss	(11)	(8)
Employer contributions	420	383
Benefits paid	(391)	(362)
Exchange movements	(49)	144
End of the year	2,930	2,849

### Analysis of the amount recognised in the Consolidated Statement of Comprehensive Income

	2023 £'000	2022 £'000
Actual return less expected return on pension scheme assets	(171)	1,249
Actuarial gain recognised in the Consolidated Statement of Comprehensive Income	(171)	1,249

### Sensitivity of the liability value to changes in the principal assumptions

Prior to the effect of deferred tax, the impact of a 0.1% increase in the inflation rate would be to increase the pension deficit by £27,000 (2022: £16,000); a decrease of 0.1% in the inflation rate would decrease the deficit by £7,000 (2022: £15,000). The impact of a 0.1% increase in the discount rate would be to decrease the pension deficit by £34,000 (2022: £39,000); a decrease of 0.1% in the discount rate would increase the deficit by £57,000 (2022: £44,000).

### UK stakeholder scheme

The contributions paid by the Group to the defined contribution stakeholder pension schemes in operation within the United Kingdom amounted to £792,285 in the year ended 31 December 2022 (2022: £820,416).

Total pension costs charged to the Income Statement for all schemes in which the Group participates amounted to £3,172,000 for the year ended 31 December 2022 (2022: £2,867,000) and were wholly recognised in administrative expenses.

## 22 Provisions

	Current	Non-current	
	Rectification provision £'000	Environmental provision £'000	Total £'000
Provision at 1 January 2023	10	138	148
Movement in the year	(4)	(2)	(6)
<b>Provision at 31 December 2023</b>	<b>6</b>	<b>136</b>	<b>142</b>

The rectification provision relates to after sales costs. The environmental provision relates to costs associated with soil contamination. The cost of the decontamination is expected to be spread over a number of years and the provision is based on quotes received from contractors. The impact of discounting is considered immaterial to the amounts provided.

## 23 Called up share capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 1p each	12,259,877	123	12,260,977	123

There are no outstanding options at 31 December 2023.

The mid-market price of the Company's shares at 31 December 2023 was £30.50 and the range during the year was £31.00 to £23.50.

**23 Called up share capital** continued

During the year the Company purchased 1,100 shares with a nominal value of 1 pence each at a total cost of £33,000 (2022: 500 shares with a nominal value of 1 pence each at a total cost of £13,000). These shares were held in Treasury and subsequently cancelled. The movement in the capital redemption reserve created as a result is £Nil (2022: £Nil).

**Share premium account**

£'000

At 1 January 2023 and 31 December 2023

**344****Capital redemption reserve**

£'000

At 1 January 2023 and 31 December 2023

**1**

The capital redemption reserve has arisen following the purchase of own shares.

**Merger reserve**

£'000

At 1 January 2023 and 31 December 2023

**2,033**

The merger reserve is not a distributable reserve.

**Other reserve**

£'000

At 1 January 2023

8,658

Exchange adjustments

(1,579)

**At 31 December 2023****7,079**

The other reserve relates entirely to the effects of changes in foreign currency exchange rates.

**24 Reconciliation of operating profit to cash generated from operations**

	2023 £'000	2022 £'000
Operating profit	<b>31,582</b>	27,165
Depreciation of property, plant and equipment	<b>4,523</b>	3,959
Depreciation of right of use assets	<b>2,514</b>	2,289
Amortisation of intangible assets	<b>4,041</b>	3,856
Profit on disposal of property, plant and equipment	<b>(540)</b>	(118)
Difference between pension charge and cash contributions	<b>(68)</b>	(55)
Increase in trade and other receivables	<b>(3,641)</b>	(5,201)
(Decrease)/increase in trade and other payables	<b>(344)</b>	4,187
Decrease in provisions	<b>(249)</b>	(921)
Decrease/(increase) in inventories	<b>416</b>	(4,672)
Cash generated from operations	<b>38,234</b>	30,489

**Disposal of property, plant and equipment**

	2023 £'000	2022 £'000
Net book value	<b>181</b>	612
Profit on disposal of property, plant and equipment	<b>540</b>	118
Proceeds	<b>721</b>	730

# Notes to the financial statements continued

for the year ended 31 December 2023

## 25 Reconciliation of liabilities arising from financing activities

	Long-term borrowings £'000	Short-term borrowings £'000	Lease liabilities £'000	Total £'000
1 January 2022	1,340	2,430	4,343	8,113
Cash flow:				
– new loans	419	15	–	434
– repayment of loans	–	(2,312)	(2,480)	(4,792)
Non-cash items	(1,406)	1,348	171	113
New lease liabilities	–	–	4,039	4,039
<b>31 December 2022</b>	<b>353</b>	<b>1,481</b>	<b>6,073</b>	<b>7,907</b>
	Long-term borrowings £'000	Short-term borrowings £'000	Lease liabilities £'000	Total £'000
1 January 2023	353	1,481	6,073	7,907
Cash flow:				
– new loans	87	40	–	127
– repayment of loans	–	(1,449)	(2,684)	(4,133)
Non-cash items	(343)	309	133	99
New lease liabilities	–	–	3,154	3,154
<b>31 December 2023</b>	<b>97</b>	<b>381</b>	<b>6,676</b>	<b>7,154</b>

Non-cash items relate to foreign exchange movements, amortisation of finance arrangement costs and the movement between current and non-current debt in the year.

The new lease liabilities are also non-cash items as described in accounting policies in note 2 and analysed in note 26.

## 26 Lease liabilities

The Group leases various properties and vehicles under non-cancellable lease agreements. The majority of lease agreements are between one and five years and the majority of lease agreements are renewable at the end of the lease period at market rates.

Following adoption of IFRS 16 the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate at that time.

### Maturity analysis – contractual undiscounted cash flows

	2023 £'000	2022 £'000
Within one year	2,488	2,137
Between two and five years inclusive	4,374	3,876
More than five years	325	282
Total undiscounted lease liabilities at 31 December	7,187	6,295

### Lease liabilities included in Statement of Financial Position at 31 December

	2023 £'000	2022 £'000
Current	2,274	2,040
Non-current	4,402	4,033
	6,676	6,073

## 27 Acquisitions

On 15 June 2023 the Group purchased the entire share capital of Brandbeveiliging Marlier B.V. which included its subsidiary Arcom B.V., companies incorporated in, and which operate in, Belgium.

The disclosure of their book and provisional fair values of net assets acquired is as follows:

	Book value 2023 £'000	Fair value 2023 £'000	Total 2023 £'000
Property, plant and equipment	89	—	89
Service contracts	—	970	970
Inventories	229	—	229
Receivables	410	—	410
Cash and cash equivalents	363	—	363
Payables	(412)	—	(412)
Borrowings	(127)	—	(127)
Deferred tax liabilities	—	(243)	(243)
Fair value of net assets acquired	552	727	1,279
Goodwill	—	—	666
Total consideration	—	—	1,945
Cash and cash equivalents acquired	—	—	(363)
Net consideration	—	—	1,582

Satisfied by:

	Consideration 2023 £'000
Cash	1,582
Net consideration	1,582

The gross contractual amounts receivable for acquired receivables is consistent with fair value. Acquired receivables are expected to be collected in full following acquisition. Acquisition related costs of £7,000 were expensed in the year.

The revenue and net loss of Brandbeveiliging Marlier B.V. since the acquisition date included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2023 were £638,000 and £23,000 respectively. On a pro rata basis the revenue and net loss would have been expected to be £1,276,000 and £46,000 had the acquisition taken place on 1 January 2023.

The revenue and net loss of Arcom B.V. since the acquisition date included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2023 were £285,000 and £18,000 respectively. On a pro rata basis the revenue and net loss would have been expected to be £570,000 and £36,000 had the acquisition taken place on 1 January 2023.

## 28 Group undertakings

The Group wholly owns the entire issued and voting ordinary share capital of all the subsidiaries listed.

	Activity	Country of registration or incorporation and operation
Advanced Fire Protection Limited	Fire protection	Wales
AFS Fire & Security Limited	Fire protection	England
Alarm Masters S.A.	Fire protection	Belgium
Alfa Prevent Srl	Fire protection	Belgium
All-Protex N.V.	Fire protection	Belgium
A.L.P.I. sarl	Fire protection	Luxembourg

# Notes to the financial statements continued

for the year ended 31 December 2023

## 28 Group undertakings continued

	Activity	Country of registration or incorporation and operation
Amberfire Limited	Fire protection	England
Ansul B.V.	Fire protection	The Netherlands
Ansul Solutions B.V.	Fire protection	The Netherlands
Ansul S.A.	Fire protection	Belgium
Ansul Belgium S.A.	Fire protection	Belgium
Arcom B.V.	Fire protection	Belgium
ASCO Extinguishers Company Limited	Fire protection	Scotland
Braco B.V.B.A.	Fire protection	Belgium
Blesberger G.m.b.H.	Fire protection	Austria
Blusdesign B.V.	Fire protection	The Netherlands
Boensma B.V.	Fire protection	The Netherlands
Braho Brandpreventie B.V.	Fire protection	The Netherlands
Brandbeveiliging Marlier B.V.	Fire protection	Belgium
Brandpreventie Groep B.V.	Fire protection	The Netherlands
City Fire Protection Services Limited	Fire protection	England
Dania Brandteknik Aps	Fire protection	Denmark
DC Security B.V.B.A.	Intruder alarms	Belgium
Dimex Technics S.A.	Fire protection	Belgium
Facilities Fire Protection Limited	Fire protection	England
Feuerschutz Hollmann G.m.b.H.	Fire protection	Germany
Fire-Ex G.m.b.H.	Fire protection	Austria
Fire Industry Specialists Limited	Fire protection	England
Firepoint Services Limited	Fire protection	England
Fire Protection Holdings Limited	Sub-holding	England
Fire Protection System Srl	Fire protection	Belgium
Firetec Sarl	Fire protection	Luxembourg
Florian Feuerschutz G.m.b.H.	Fire protection	Austria
GC Fire Protection Limited	Fire protection	England
GFA Premier Limited	Fire protection	England
GX Securite Srl	Fire protection	Belgium
Hoyles Limited	Sub-holding	England
Hoyles Fire & Safety Limited	Fire protection	England
Importex S.A.	Fire protection	Belgium
Kuhn Feuerschutz G.m.b.H.	Fire protection	Germany
Le Chimiste Sprl	Fire protection	Belgium
Linde Brandmateriel Aps	Fire protection	Denmark
LS UK Fire Group Limited	Sub-holding	England
Ludwig Brandschutztechnik G.m.b.H.	Fire protection	Germany
Lutticke Brandschutztechnik G.m.b.H.	Fire protection	Germany
L. W. Safety Limited	Fire protection	England
Neubrandenburger Feuerschutz Lange G.m.b.H.	Fire protection	Germany
Niemeyer Feuerschutz G.m.b.H.	Fire protection	Germany
Noris Feuerschutzgerate G.m.b.H.	Fire protection	Austria
Nu-Swift (Engineering) Limited	Fire protection	England
Nu-Swift Brandbeveiliging B.V.	Fire protection	The Netherlands
Nu-Swift International Limited	Fire protection	England
One Protect Sarl	Fire protection	France



**28 Group undertakings** continued

	Activity	Country of registration or incorporation and operation
PMP Manus G.m.b.H.	Fire protection	Austria
Prevent Brandbeveiliging B.V.	Fire protection	The Netherlands
Pyrotec Fire Protection Limited	Fire protection	England
Record Brandbeveiliging B.V.	Fire protection	The Netherlands
S2 Fire Solutions Limited	Fire protection	England
Security Alarm Service Company Sprl	Fire protection	Belgium
Somati FIE N.V.	Fire protection	Belgium
TAB Brandschutz G.m.b.H.	Fire protection	Germany
Total Fire-Stop G.m.b.H.	Fire protection	Austria
The General Fire Appliance Co. Limited	Sub-holding	England
Triangle Incendie SAF	Fire protection	France
Trium N.V.	Intruder alarms	Belgium
Tunbridge Wells Fire Protection Limited	Fire protection	England
TVF (UK) Limited	Fire protection	England

With the exception of the Parent Company's 100% interest in Fire Protection Holdings Limited, the shares in the remaining Group undertakings are held by subsidiary undertakings. Addresses and contact details for these subsidiaries are given inside the back cover. LS UK Fire Group Limited's and Fire Protection Holdings Limited's registered address is: Premier House, 2 Jubilee Way, Elland HX5 9DY.

The following subsidiaries have taken advantage of exemption from audit under Section 479a of the Companies Act 2006:

Advanced Fire Protection Limited, AFS Fire & Security Limited, ASCO Extinguishers Company Limited, City Fire Protection Services Limited, Facilities Fire Protection Limited, Fire Industry Specialists Limited, Fire Protection Holdings Limited, GC Fire Protection Limited, GFA Premier Limited, Hoyles Limited, Hoyles Fire & Safety Limited, LS UK Fire Group Limited, L.W. Safety Limited, Nu-Swift International Limited, Nu-Swift (Engineering) Limited, Pyrotec Fire Protection Limited, S2 Fire Solutions Limited, The General Fire Appliance Co. Limited, Tunbridge Wells Fire Protection Limited, TVF (UK) Limited.

Firepoint Services Limited, Extinguish Fire Solutions Ltd and Assured Fire Services Ltd at the registered address: Premier House, 2 Jubilee Way, Elland HX5 9DY. Future Fire Protection Limited, Coastline Fire Protection Limited and Coastline Fire Alarms Limited at the registered address: Caburn Enterprise Park, Ringmer BN8 5NP. Paramount Fire Armour Limited at the registered address: 56/69 Queens Road, High Wycombe HP13 6AH.

In order to comply with the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 the Group is no longer able to take advantage of Section 410 of the Companies Act 2006 to disclose only its principal subsidiaries in the financial statements. Additional wholly owned subsidiaries, all of which are dormant, are:

ABC Fire Protection (Halifax) Limited, Beta Fire Protection Limited, BWH Manufacturing Limited, Cowley Fire Limited, Fire Reliant Limited, Green Cross Limited, Hydro Fire Limited, KDN Fire Protection Limited, KW Fire Protection Limited, L & P Fire Safety Equipment Limited, LS Fire Group Limited, Modern Fire Extinguisher Services Limited, Premier Fire Limited, North Staffs Fire Limited, Nu-Swift Limited, United Fire Alarms Limited and Wilts Fire Limited all share the registered address: Premier House, 2 Jubilee Way, Elland HX5 9DY.

# Notes to the financial statements continued

for the year ended 31 December 2023

## 28 Group undertakings continued

1st Quote Fire Limited, Assured Fire Protection & Safety Limited, Firebreak Fire Securities Limited, Fire Safety Services Scotland Limited and Swift-N-Sure (Fire Appliances) Limited all share the registered address: Unit 1.1, Festival Court, Brand Place, Glasgow G51 1DR.

Alexander Systems Limited, Cleeve Fire Protection Limited, Fire Services and Supplies Limited, Firex UK Limited, MK Fire Limited, Thames Valley Fire Protection Limited, Trafalgar Compliance Services Limited, TVF Alarms Limited, TVF Systems Services Limited and Ulysses Fire Services Limited all share the registered address: 56/69 Queens Road, High Wycombe HP13 6AH.

Pyrotec Fire Detection Limited has the registered address: Caburn Enterprise Park, Ringmer BN8 5NP.

Tower Fire Alarm Services Limited has the registered address: Trenton House, 59a Imperial Way, Croydon CR0 4RR.

Amberfire Limited and Firestop Services Limited share the registered address: Unit 15, Cedar Parc, Lincoln Road, Doddington, Lincolnshire LN6 4RR.

All of these entities have been included within the consolidation.

## 29 Ultimate parent undertaking and controlling party

The Parent Company regards EOI Fire SARL, a company registered in Luxembourg, as its ultimate parent undertaking through its 80% interest in London Security plc. EOI Fire SARL's registered address is, 12E Rue Guillaume Kroll, Luxembourg, L-1882. The largest and smallest group of undertakings for which group accounts are drawn up and the Company is a member of is FR Participation SARL. FR Participation SARL's address is 12E Rue Guillaume Kroll, Luxembourg, L-1882. The Directors regard the Eden and Ariane Trusts as the ultimate controlling parties through their controlling interest in EOI Fire SARL and Tristar Fire Corp.

## 30 Related party transactions

All related party transactions are conducted on an arm's length basis.

During the year the Group incurred costs amounting to £804,374 (2022: £734,774) in respect of the Executive Directors including the Head Office and other expenses under the Services Agreement referred to in the Directors' Remuneration Report and remuneration of key management personnel in note 5.

The Group recharged and was reimbursed £52,000 (2022: £62,000) in relation to the Services Agreement by Andrews Sykes. Andrews Sykes is related through common control.

The balance disclosed in note 16 as being due from related undertakings is with EFS Property Holdings Ltd., a company controlled by J.G. Murray. The amount outstanding at the year end relates entirely to transactions in the year.

The Group made sales to Andrews Sykes in relation to fire protection in the year of £19,124 (2022: £12,626).

The Group made sales to fire companies in Switzerland controlled by J.G. Murray in the year of £400,802 (2022: £448,656).

The Group incurred £69,519 (2022: £105,000) of expenditure on behalf of J-J. Murray during the year. This amount was reimbursed in the year.

The Group incurred £14,628 (2022: £4,000) of expenditure on behalf of J-P. Murray during the year. This amount was reimbursed in the year.

## 31 Post balance sheet events

Subsequent to the year end the Group has completed the acquisition of further service contracts for a total of £922,000 (2022: £2,480,000).

# Parent Company balance sheet

as at 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Tangible assets	2	617	672
Investments	3	49,804	49,804
		<b>50,421</b>	50,476
<b>Current assets</b>			
Debtors	4	1,146	1,132
Cash at bank and in hand		1,498	2,656
		<b>2,644</b>	3,788
<b>Creditors: amounts falling due within one year</b>			
Borrowings	5	—	(311)
Creditors	6	(375)	(344)
		<b>(375)</b>	(655)
<b>Net current assets</b>		<b>2,269</b>	3,133
<b>Total assets less current liabilities</b>		<b>52,690</b>	53,609
<b>Creditors: amounts falling due after more than one year</b>			
Derivative financial instruments	8	—	—
<b>Net assets</b>		<b>52,690</b>	53,609
<b>Capital and reserves</b>			
Called up share capital	9	123	123
Share premium account		344	344
Capital redemption reserve fund		1	1
Profit and loss account		52,222	53,141
<b>Total shareholders' funds</b>		<b>52,690</b>	53,609

The Parent Company's profit for the year was £14,309,000 (2022: £11,266,000).

The registered number of the Company is 00053417.

The notes on pages 67 to 70 are an integral part of these financial statements.

The financial statements on pages 65 and 66 were approved by the Board of Directors on 14 May 2024 and were signed on its behalf by:

**J-J. Murray**  
Chairman

14 May 2024

# Parent Company statement of changes in equity

for the year ended 31 December 2023

	Called up share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	Shareholders' funds £'000
At 1 January 2022	123	344	1	52,186	52,654
<b>Total comprehensive income for the year</b>					
Profit for the financial year	—	—	—	11,266	11,266
Contributions by and distributions to owners of the Company:					
– purchase of own shares	—	—	—	(13)	(13)
– dividends	—	—	—	(10,298)	(10,298)
At 1 January 2023	123	344	1	53,141	53,609
<b>Total comprehensive income for the year</b>					
Profit for the financial year	—	—	—	14,309	14,309
Contributions by and distributions to owners of the Company:					
– dividends	—	—	—	(15,196)	(15,196)
– purchase of own shares	—	—	—	(32)	(32)
<b>At 31 December 2023</b>	<b>123</b>	<b>344</b>	<b>1</b>	<b>52,222</b>	<b>52,690</b>

The notes on pages 67 to 70 are an integral part of these financial statements.

# Notes to the Parent Company financial statements

for the year ended 31 December 2023

## 1 Principal accounting policies

### Basis of accounting

London Security plc is a public company limited by shares and incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102"). The functional and presentation currency of these financial statements is Sterling.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- reconciliation of the number of shares outstanding from the beginning to the end of the year;
- Statement of Cash Flows and related notes; and
- key management personnel compensation.

As the consolidated financial statements of London Security plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- presenting a Parent Company profit and loss account under Section 408 of the Companies Act 2006; and
- the disclosures required by FRS 102.11 "Basic financial instruments" and FRS 102.12 "Other financial instrument issues" in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

These Parent Company financial statements have been prepared on the going concern basis, under the historical cost convention as modified by revaluation of financial liabilities held at fair value through profit and loss in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Directors have prepared these financial statements on the fundamental assumption that the Company is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements. In determining whether the Company's financial statements should be prepared on a going concern basis, the Directors have considered the factors likely to affect future performance. The Directors have reviewed trading and cash flow forecasts as part of the going concern assessment and based on this have the expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

A summary of the more important accounting policies, which have been consistently applied, is set out below.

### Significant accounting estimates and judgements

There were no significant accounting estimates or judgements required in preparing the Company's financial statements.

### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost or internal production costs, together with any incidental costs of acquisition.

Depreciation is provided for on all tangible fixed assets on the straight line method at rates calculated to write off the cost or valuation less estimated residual values over the estimated lives of the assets. The annual rates are as follows:

Share in aircraft 7%

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in value is charged to the profit and loss account.

### Investments

Investments in subsidiary undertakings are included at cost unless, in the opinion of the Directors, an impairment has occurred, in which case the deficiency is charged to the Parent Company's profit and loss account.

### Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

# Notes to the Parent Company financial statements continued

for the year ended 31 December 2023

## 1 Principal accounting policies continued

### Deferred tax continued

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### Finance arrangement costs and interest rate caps

Costs of arranging bank loans and interest rate caps are treated as a deduction from the loan liability and are amortised over the lives of the relevant loans.

### Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

### Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised in the financial statements when paid, in the case of interim dividends, or in the period in which the dividends are approved by the Parent Company's shareholders, in the case of final dividends.

## 2 Tangible assets

	Share in aircraft £'000
<b>Cost</b>	
At 1 January 2023 and 31 December 2023	<b>781</b>
<b>Accumulated depreciation</b>	
At 1 January 2023	109
Charge for the year	55
<b>At 31 December 2023</b>	<b>164</b>
<b>Net book amount</b>	
<b>At 31 December 2023</b>	<b>617</b>
At 31 December 2022	672

## 3 Investments

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2023 and 31 December 2023	<b>49,804</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

A full list of subsidiary undertakings is provided in note 28 of the Group accounts.

#### 4 Debtors

	2023 £'000	2022 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by Group undertakings	483	286
Other debtors	15	—
Income tax recoverable	648	846
	<b>1,146</b>	<b>1,132</b>

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 5 Borrowings

	2023 £'000	2022 £'000
<b>Current (amounts falling due within one year or on demand)</b>		
Bank borrowings	—	311
Total borrowings	—	311

Interest rates (including the bank's margin) on the bank loans in existence during the year averaged 2.47% (2022: 3.91%) per annum. Bank loans are stated net of unamortised finance arrangement costs of £Nil (2022: £4,000).

The Directors consider that the fair values of the bank loans are not materially different from their book values.

The carrying amounts of the Company's borrowings, all of which are floating rate financial liabilities, are denominated in the following currencies:

	Total 2023 £'000	Weighted average interest rate 2023	Total 2022 £'000	Weighted average interest rate 2022
<b>Currency</b>				
Sterling	—	2.47%	311	3.91%
	—	2.47%	311	3.91%

#### 6 Creditors

	2023 £'000	2022 £'000
Amounts owed to Group undertakings	53	55
Accruals	322	289
	<b>375</b>	<b>344</b>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

#### 7 Deferred tax

The deferred tax asset comprises:

	Amount recognised		Amount unrecognised	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Losses	—	—	1,428	1,428
Deferred tax asset	—	—	1,428	1,428

The unrecoverable tax loss carried forward is £5,712,000 (2022: £5,712,000).

Deferred tax is measured on a non-discounted basis at the tax rate that is expected to apply in the periods in which timing differences will reverse, based on tax rates and laws substantively enacted at the balance sheet date, being a rate of 25%.



# Notes to the Parent Company financial statements continued

for the year ended 31 December 2023

## 8 Derivative financial instruments

	2023		2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Interest rate agreements	—	—	—	—

The Company entered into an interest rate agreement which caps SONIA at 1.3807%. The agreement took effect from May 2018 and remained in effect until the loan was repaid in April 2023.

## 9 Called up share capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 1p each	12,259,877	123	12,260,977	123

There were no outstanding options at 31 December 2023.

The mid-market price of the Company's shares at 31 December 2023 was £30.50 and the range during the year was £31.00 to £23.50.

During the year the Company purchased 1,100 shares with a nominal value of 1 pence each at a total cost of £33,000. (2022: 500 shares with a nominal value of 1 pence each at a total cost of £13,000). These shares were held in Treasury and subsequently cancelled. The movement in the capital redemption reserve created as a result is £Nil (2022: £Nil). The Parent Company had no employees during the year (2022: Nil).

The remuneration paid to the Parent Company auditor in respect of the audit of the Group and Parent Company financial statements for the year ended 31 December 2023 is set out in note 7 to the Group financial statements.

The Board is recommending the payment of a final dividend in respect of the year ended 31 December 2023 of £0.42 per ordinary share (2022: £0.42).

## 10 Commitments and contingent liabilities

The Parent Company had no financial or other commitments at 31 December 2023 (2022: £Nil).

The Parent Company was party to a cross guarantee under which it guaranteed the borrowings of certain of its subsidiary undertakings. At 31 December 2023 this guarantee amounted to £Nil (2022: £743,000).

## 11 Ultimate parent undertaking and controlling party

The Parent Company regards EOI Fire SARL, a company registered in Luxembourg, as its ultimate parent undertaking through its 80% interest in London Security plc. EOI Fire SARL's registered address is, 12E Rue Guillaume Kroll, Luxembourg, L-1882. The largest and smallest group of undertakings for which group accounts are drawn up and the Company is a member of is FR Participation SARL. FR Participation SARL's address is 12E Rue Guillaume Kroll, Luxembourg, L-1882. The Directors regard the Eden and Ariane Trusts as the ultimate controlling parties through their controlling interest in EOI Fire SARL and Tristar Fire Corp.

## 12 Related party transactions

All related party transactions are conducted on an arm's length basis.

During the year the Company incurred costs amounting to £552,000 (2022: £509,395) in respect of the Executive Directors, including the Head Office and other expenses under the Services Agreement referred to in the Directors' Remuneration Report.

The Company recharged and was reimbursed £52,000 (2022: £62,000) in relation to the Services Agreement by Andrews Sykes. Andrews Sykes is related through common control.

The Company incurred £69,519 (2022: £105,000) of expenditure on behalf of J-J. Murray during the year. This amount was reimbursed in the year.

# Notice of Annual General Meeting

NOTICE IS GIVEN THAT the Annual General Meeting of London Security plc (the “Company”) will be held at 2 Jubilee Way, Elland, West Yorkshire HX5 9DY, on 25 June 2024 at 11.30 am for the following purposes:

You will be asked to consider the following resolutions as ordinary resolutions:

1. To receive the financial statements for the year ended 31 December 2023 and the Reports of the Directors and Auditor and the Directors’ Remuneration Report for that year.
2. To re-elect J-P. Murray as a Director, who retires by rotation under article 23.2 of the Company’s articles of association.
3. To re-elect X. Mignolet as a Director, who retires by rotation under article 23.2 of the Company’s articles of association.
4. To declare a final dividend in respect of 2023 of £0.42 per ordinary share.
5. That Grant Thornton UK LLP be re-appointed as auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that its remuneration be fixed by the Directors.
6. That the Directors be generally and unconditionally authorised in accordance with Section 549 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot relevant securities (as defined in Section 550 of the Act) up to an aggregate nominal value equal to the whole of the authorised but unissued share capital of the Company immediately following the passing of this resolution, provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire at the conclusion of five years from the date this resolution is passed, provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired.

You will be asked to consider the following resolutions as special resolutions:

7. That, subject to the passing of resolution 6 above, the Directors be and are empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 564 of the Act) of the Company for cash pursuant to the authority conferred by resolution 7 above as if Section 561 of the Act did not apply to such allotment, provided that this power shall be limited to:
  - (i) the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of ordinary shares and other persons entitled to participate in such offer in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory body or any stock exchange in any territory; and
  - (ii) the allotment (other than pursuant to (i) above) of equity securities up to an aggregate nominal amount of £6,131 and such power shall expire on the date of the next Annual General Meeting of the Company or 15 months after the date of the passing of this resolution (whichever is the earlier) but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such an offer or agreement as if the power conferred by this resolution had not expired.
8. That the Company be and is generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (as defined in Section 701(2) of the Act) on the London Stock Exchange of ordinary shares of 1 pence each in the capital of the Company (“ordinary shares”) provided that:
  - (i) the maximum aggregate number of ordinary shares authorised to be purchased is 500,000 shares;
  - (ii) the minimum price which may be paid for such shares is 1 pence per share;
  - (iii) the maximum price (exclusive of expenses) which may be paid for such shares is not more than 5% above the average of the middle market quotations for the Company’s ordinary shares derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase of the ordinary shares is contracted to take place;
  - (iv) the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (whichever is the earlier); and

# Notice of Annual General Meeting continued

- (v) the Company may make a contract to purchase its own shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.

By order of the Board

**R. Pollard**  
Company Secretary

14 May 2024

## Notes

1. The Company confirms that shareholders are able to attend in person should they wish to do so. However, we strongly encourage shareholders to vote on all resolutions by completing the enclosed form of proxy for use at that Meeting, which you are requested to return in accordance with the instructions on the form.
2. The outcome of the resolutions will as usual be determined by shareholder vote based on the proxy votes we receive. You are strongly encouraged to vote by proxy on the resolutions contained in the AGM Notice. You are encouraged to appoint the "Chairman of the Meeting" as your proxy rather than another person who will not be permitted to attend the Meeting.
3. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

## Appointment of proxy using hard copy form of proxy

4. The notes to the form of proxy explain how to direct your proxy on how to vote on each resolution or withhold their vote. To appoint a proxy using the form of proxy, the form must be:
  - (a) completed and signed;
  - (b) sent or delivered to Nu-Swift International Limited, Premier House, 2 Jubilee Way, Elland HX5 9DY; and
  - (c) received no later than 48 hours before the time of the Meeting.

In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy of such power or authority) must be included with the form of proxy.

## Appointment of proxy electronically via the Link Investor Centre

5. If you wish, you will be able to vote electronically using the Link Investor Centre app or by accessing the web browser at <https://investorcentre.linkgroup.co.uk/Login/Login>. You will need to log into your Link Investor Centre account or register if you have not previously done so. To register you will need your Investor Code; this is detailed on your share certificate or available from our registrars, Link Group. To be effective, the proxy vote must be submitted via the Link Investor Centre so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it.

Link Investor Centre is a free app for smartphone and tablet provided by Link Group (the company's registrar). It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below. Alternatively, you may access the Link Investor Centre via a web browser at: <https://investorcentre.linkgroup.co.uk/Login/Login>.



## Notes continued

### Appointment of proxy by joint members

6. In the case of appointment of a proxy by joint shareholders, the signature of any one of them will suffice, but if a holder other than the first-named holder signs, it will help the registrars if the name of the first-named holder is given.

### Changing proxy instructions

7. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Nu-Swift International Limited, Premier House, 2 Jubilee Way, Elland HX5 9DY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received no later than 48 hours before the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### Issued shares and total voting rights

9. As at 9 am on 14 May 2024, the Company's issued share capital comprised 12,259,877 shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9 am on 14 May 2024 was 12,259,877.

### Documents on display

10. The register of Directors' interests will be available for inspection at the registered office of the Company from 14 May 2024 until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting.

### Communication

11. Except as provided above, members who have general queries about the Meeting should use the following method of communication (no other methods of communication will be accepted):

- calling 01422 372852.

You may not use any electronic address provided either:

- (a) in this Notice of Annual General Meeting; or
- (b) in any related documents (including the form of proxy),

to communicate with the Company.

# Group companies

## The United Kingdom

**Advanced Fire Protection Limited**  
Unit Tp3 Main Avenue  
Treforest Industrial Estate  
Pontypridd CF37 5UR

Tel: 01443 843 927  
Email: info@afpwales.com  
Website: afpwales.com

**AFS Fire & Security Limited**  
Buzzard Court  
Mullacott Industrial Estate  
Ilfracombe EX34 8PX

Tel: 01271 864 754  
Website: afsfireandsecurity.co.uk

### ASCO Extinguishers Company Limited

Unit 1.1  
Festival Court  
Brand Place  
Glasgow G51 1DR

Tel: 0141 427 1144  
Email: customer.service@asco.uk.com  
Website: www.asco.uk.com

### City Fire Protection Services Limited

Trenton House  
59A Imperial Way  
Croydon CR0 4RR

Tel: 0208 649 7766  
Email: admin@cityfire.co.uk  
Website: www.cityfire.co.uk

### Fire Industry Specialists Limited

Unit 15  
Cedar Parc  
Lincoln Road  
Doddington  
Lincolnshire LN6 4RR

Tel: 01507 522 466  
Email: enquiries@fisitd.co.uk  
Website: www.fisitd.co.uk

### Amberfire Limited

Unit 15  
Cedar Parc  
Lincoln Road  
Doddington  
Lincolnshire LN6 4RR

Tel: 01673 885 229  
Email: info@amber-fire.co.uk  
Website: www.amber-fire.co.uk

### Facilities Fire Protection Limited

Badgemore House  
Badgemore  
Henley-On-Thames RG9 4NR

Tel: 01296 615 700  
Email: admin@facilitiesfire.com  
Website: www.facilitiesfire.com

### GC Fire Protection Limited

Premier House  
2 Jubilee Way  
Elland  
West Yorkshire HX5 9DY

Tel: 0208 391 7310  
Email: customer.service@gcfireprotection.co.uk  
Website: www.gcfireprotection.co.uk

### GFA Premier Limited

Premier House  
2 Jubilee Way  
Elland  
West Yorkshire HX5 9DY

Tel: 01422 377 521  
Email: customer.service@gfapremier.co.uk

### Hoyles Fire & Safety Limited

Premier House  
2 Jubilee Way  
Elland  
West Yorkshire HX5 9DY

Tel: 01422 314 351  
Email: customer.service@hoyles.co.uk  
Website: www.hoyles.co.uk

### L. W. Safety Limited

Premier House  
2 Jubilee Way  
Elland  
West Yorkshire HX5 9DY

Tel: 01422 314 350  
Email: customer.service@lwsafety.co.uk  
Website: www.lwsafety.co.uk

### MK Fire Limited

59/69 Queens Road  
High Wycombe  
Buckinghamshire HP13 6AH

Tel: 01494 769 744  
Email: customer.service@mkfire.co.uk  
Website: www.mkfire.co.uk

### Nu-Swift International Limited

Nu-Swift (Engineering) Limited  
Premier House  
2 Jubilee Way  
Elland  
West Yorkshire HX5 9DY

Tel: 01422 372 852  
Email: customer.service@nu-swift.co.uk  
Website: www.nu-swift.co.uk

### Pyrotec Fire Protection Limited

Caburn Enterprise Park  
Ringmer  
East Sussex BN8 5NP

Tel: 0800 634 9953  
Email: sales@pyrotec.co.uk  
Website: www.pyrotec.co.uk

### S2 Fire Solutions Limited

Unit 14 Littleton Drive  
Cannock WS12 4TS

Tel: 0845 519 8186  
Email: sales@s2fire.co.uk  
Website: S2fire.co.uk

### Tunbridge Wells Fire Protection Limited

Caburn Enterprise Park  
Ringmer  
East Sussex BN8 5NP

Tel: 01825 767 600  
Email: customer.service@twfpltd.co.uk  
Website: www.twfpltd.co.uk

### TVF (UK) Limited

59/69 Queens Road  
High Wycombe  
Buckinghamshire HP13 6AH

Tel: 01494 450 641  
Email: customer.service@tvftd.co.uk  
Website: www.tvftd.co.uk

## Belgium

### Alarm Masters S.A.

Hekkestraat 45  
9308 Aalst

Tel: 00 32 5237 3409  
Email: info@alarmmasters.be  
Website: www.alarmmasters.be

### Alfa Prevent Srl

Rue de Maëstricht 49  
4651 Battice

Tel: 00 32 8765 8651  
Email: info@alfaprevent.be  
Website: www.alfaprevent.be

### All-Protex N.V.

42 Rue de l'Eglise  
4710 Lontzen Herbesthal

Tel: 00 32 9375 2044  
Email: info@all-protex.be

### Ansul S.A.

Ansul Belgium S.A.  
Industrialaan 35  
B-1702 Groot-Bijgaarden

Tel: 00 32 2467 7211  
Email: mail@ansul.be  
Website: www.ansul.be

### Arcom B.V.

Vlamingveld 41E,  
8490 Jabbeke

Tel: 050 35 30 02  
Email: info@arcom.be  
Website: https://www.arcom.be

### Brandbeveiliging Marlier B.V.

Steenovenstraat 10 te  
8930 Menen

Tel: 056.42.32.29  
Email: contact@allfiresecurity.be  
Website: https://allfiresecurity.be

### Dimex Technics S.A.

42 Rue de l'Eglise  
4710 Lontzen Herbesthal

Tel: 00 32 8789 0401  
Email: info@dimex-technics.be

### Fire Protection System Srl

Chaussée de Louvain  
406, B-1300 Wavre

Tel: 00 32 2366 9997  
Email: info@fire-protect.be  
Website: https://www.fire-protect.be

**Belgium continued**

**GX Sécurité Srl**  
Allée de Wésomont 4a,  
B-4190 Ferrières  
Tel: 00 32 8684 0320  
Email: info@gxsecurite.be

**Importex S.A.**  
42 Rue de l'Eglise  
4710 Lontzen Herbesthal  
Tel: 00 32 8788 0242  
Email: info@importex.be

**Security Alarm Service Company Srl**  
42 Rue de l'Eglise  
4710 Lontzen Herbesthal  
Tel: 00 32 8645 6789  
Email: info@securityalarmservice.be  
Website: www.securityalarmservice.be

**Somati FIE N.V.**  
Industrielaan 19a  
9320 Erembodegem  
Tel: 00 32 5385 2222  
Email: info@somatifie.be  
Website: www.somatifie.be

**Le Chimiste Srl**  
406 Chaussée de Louvain  
1300 Wavre

Tel: 00 32 1086 8419  
Email: info@lechimiste.be  
Website: www.lechimiste.be

**Braco B.V.**  
Hekkestraat 45  
9308 Aalst

Tel: 00 32 5321 4570  
Email: info@bracofireprotection.be

**DC Security B.V.**  
Herseltsesteenweg 72  
3200 Aarschot

Tel: 00 32 1522 5570  
Email: info@dcsecurity.be  
Website: www.dcsecurity.be

**Trium N.V.**  
Herseltsesteenweg 72  
3200 Aarschot

Tel: 00 32 78/15 8085  
Email: info@trium.be  
Website: www.trium.be

**Luxembourg**

**A.L.P.I. sarl**  
10 Rue Robert Krieps  
4702 Petange

Tel: 00 352 2631 3013  
Email: alpi@alpi.lu  
Website: www.alpi.lu

**Firetec sarl**  
Op Tomm 5-7, Lu-5485  
Wormerldange-Haut  
Tel: 00 352 31 51 36  
Email: info@firetec.lu  
Website: www.firetec.lu/

**The Netherlands**

**Ansul B.V.**  
Ansul Solutions B.V.  
Platinastraat 15  
8211 AR Lelystad  
Tel: 00 31 320 240864  
Email: info@ansul.nl  
Website: www.ansul.nl

**Boensma Brandbeveiliging B.V.**  
Burenweg 26  
7621 GX Borne  
Tel: 00 31 541 870040  
Email: info@boensmabrandbeveiliging.nl  
Website: www.boensmabrandbeveiliging.nl

**Nu-Swift Brandbeveiliging B.V.**  
Ringoven 45  
6826 TP Arnhem

Tel: 00 31 263 630330  
Email: info@nu-swift.nl  
Website: www.nu-swift.nl

**NL Brandbeveiliging B.V.**  
PO Box 2097  
6802 CB Arnhem  
Tel: 00 40 248 2196  
Email: info@nlbrandbeveiliging.nl  
Website: www.nlbrandbeveiliging.nl

**Prevent Brandbeveiliging B.V.**  
Maasdijkseweg 107  
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