

CROMA SECURITY SOLUTIONS GROUP PLC

REPORT AND FINANCIAL STATEMENTS

30 June 2023

CONTENTS

	Page
Company information	1
Chairman's statement	2
CEO's statement	3
Strategic report	4
Corporate Governance	14
Board of Directors	21
Directors' report	22
Statement of Directors' responsibilities	26
Independent auditor's report	27
Consolidated statement of comprehensive income	32
Consolidated statement of financial position	33
Consolidated statement of cash flows	34
Consolidated statement of changes in equity	35
Notes to the financial statements	36
Independent auditor's report for the parent company	63
Parent company financial statements	67

COMPANY INFORMATION

Directors	B J Haigh-Rosser (J Haigh) R M Fiorentino T Andreeva S Naylor	(Non-Executive Chairman) (Chief Executive Officer) (Chief Finance Officer) (Non-Executive)
Registered office	Unit 7 & 8 Fulcrum 4 Solent Way Whiteley Fareham Hampshire PO15 7FT	
Registered number	03184978	
Nominated advisers and brokers	WH Ireland Limited 24 Martin Lane London EC4R 0DR	
Registered independent statutory auditor	CLA Evelyn Partners Limited 4 th Floor Cumberland House, 15-17 Cumberland Place, Southampton SO15 2BG	
Solicitors	Shoosmiths Forum 5 Parkway Whiteley Fareham PO15 7PA	
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD	
Principal bankers	NatWest 36 St Andrew Square, Edinburgh, United Kingdom, EH2 2YB	
Website	www.cssgplc.com	

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

Croma – Unlocking Growth Potential

Croma, the AIM listed innovation and service-focused security solutions provider is pleased to report its trading results for the 12 months to 30 June 2023 (the “Period” or “FY23”) as well as to provide an update on its strategy.

Chairman's Statement

When I joined Croma Group as non-executive Chairman in April this year, it was with the conviction that I was joining a Group with a truly exciting future. My career has been focused on providing advisory services to growth companies such as Croma. Following the divestment of Vigilant, the management team has a clear vision. I am thrilled to join the Board to help execute on that vision. It is with great pleasure that I am able to report on the progress that we have made this year with the successful divestment of Vigilant; on the opportunity that lies ahead within our core businesses; as well as on the financial results for the 12 months to 30 June 2023.

I am very pleased to report that our core businesses delivered a strong performance in the Period and have performed ahead of management expectations in spite of the time and energy devoted by management to secure the disposal of Vigilant. For the Period, sales growth within the Group's core businesses was up 38% with total sales of £8.03 million (FY22: £5.83 million). EBITDA (as analysed in the Consolidated Statement of Comprehensive Income) on continuing businesses increased 73% to 0.95 million (FY22 £0.55 million). We are in a strong cash position with net cash of £2.14 million at the year-end after the £1.2 million expensed on acquisitions and the share buyback from the Vigilant directors. This demonstrates the cash generative nature of our core business in addition to the proceeds received and to be received from the Vigilant disposal.

The strategic decision to divest Vigilant was made in 2022 in order to refocus efforts on our core businesses, Croma Fire & Security (Rebranded from Croma Systems) and Croma Locksmiths and to allow us to scale up these businesses. Vigilant was sold for a total consideration of £6.5 million plus intercompany balances of just over £1 million. I believe that this represents an excellent outcome in terms of price and gives us the firepower to scale our core businesses.

With a strong balance sheet, the business refocused and a refreshed Board, we are excited to be entering a new chapter for the Group. We are focused on growing our core businesses both organically and via acquisition, fully capitalising on the expansion opportunity ahead and investing in growth. We have ambitions to roll out our security centre network nationwide, building on our current network of 14 security centres. This will allow us to exploit cross-selling opportunities as we expand our full product offering into new locations and deliver cost synergies. We already have a strong track record of acquiring businesses, adding value and increasing returns.

The Board is determined to work with a sense of rigour, openness, and transparency, both within the Group as well as with our external stakeholders. As a team, we will carefully assess the opportunities ahead and be accountable for delivery.

The current financial year has started well and I believe that we will be able to build on the growth that we achieved last year with a number of new clients and the expansion of current services to new locations, alongside a good acquisition pipeline. This expansion will require up-front investment in people and infrastructure but we believe this is the right strategy to manage anticipated future growth.

The Board is pleased to recommend a final dividend to shareholders of 2.2p per share and subject to approval at the Annual General Meeting to be held on 1 December 2023, the final dividend will be paid on 15 December 2023 to all shareholders on the register at the close of business on 1 December 2023. The shares will be marked ex-dividend on 30 November 2023.

I would like to thank the team for welcoming me so warmly to Croma as well as for their determination and hard work. I have no doubt that as we turn the page to a new chapter, we do so with renewed energy and focus and I look forward to working together with the Croma team to unlock growth, capitalising on the opportunities that lie ahead.


J Haigh (Nov 6, 2023 18:30 GMT)

J Haigh – Chairman
6 November 2023

CEO'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

CEO's Statement

FY23 was a busy year for Croma. In December 2022, we announced our intention to divest Vigilant in order to focus on our core businesses and I am pleased to report that this disposal was completed at the end of June 2023. I am delighted to confirm that within our core businesses, Croma Fire & Security and Croma Locksmiths have delivered results ahead of our expectations, very much underlining the opportunity that lies ahead.

I am very pleased to welcome Jo Haigh and Steve Naylor to the Board as we take this opportunity to reset. Their collective experience and advice will be invaluable in supporting us on a new growth path. Teo Andreeva was appointed CFO in April 2023 prior to this she was Group Financial Controller and I would like to thank her for her long-term support and welcome her to the Board. As a Board, we are determined to work together, to be transparent with all stakeholders and, with the completion of the Vigilant disposal, we can fully focus our attention on the task ahead.

Our decision to divest Vigilant and focus on scaling up Croma Locksmiths and Croma Fire & Security was based on our belief that the real growth opportunity lies within these higher margin businesses. Its disposal marks a transformational moment for Croma and gives us the financial resource to unlock growth as we identify and capitalise on the opportunities ahead.

The Croma Locksmiths and Croma Fire & Security businesses are our heritage, they are where the business started and have served us well over many years. Both businesses have a loyal client base, reliable recurring and repeat revenues and are profitable and cash generative. Croma Locksmiths currently operates out of 14 security centres across the UK which offer one-stop shop security solutions to commercial and retail customers. This business boasts a diversified and loyal customer base. Within the Croma Fire & Security businesses, we have very strong relationships and expertise within the hospital and leisure sector and are well-known for our innovative and technology-led offers as well as for our reliability and high levels of service.

There is significant scope for Croma Locksmiths and Croma Fire & Security to grow as we build out a nationwide presence and bring together our product offer and expertise across both businesses in new locations. We are seeking to acquire retail locksmith businesses typically located just off the high street. The UK locksmith market is fragmented, characterised by small, often family-owned, local players. We have a proven track record of acquiring these businesses, significantly enhancing their in-store offer and developing them into modern security centres with a full product range for commercial and individual customers. We have acquired many decades of expertise in the industry and are able to apply our know-how and state-of-the-art software to acquired businesses as well as deliver benefits of scale, as we drive real efficiencies and support businesses with our central services.

This has proven very successful in the past and we believe that many more such opportunities lie ahead at valuation levels where we can apply the same template, add value and deliver good returns. Of course, we will need to ensure that identified businesses and valuations stand scrutiny and we are rigorous in due diligence, but we believe there are significant opportunities open on the horizon.

Roberto Fiorentino

Roberto Fiorentino (Nov 6, 2023 18:34 GMT)

Roberto Fiorentino – CEO

6 November 2023

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present the Group Strategic Report for Croma Security Solutions Group plc and its subsidiary companies for the year ended 30 June 2023.

Financial and Operational Review

Group sales for the Period were £42.83 million (FY22: £35.17 million) including a full year of Vigilant which was divested as at close of year end on 30 June 2023.

Sales from continuing businesses, Croma Locksmiths and Croma Fire and Security were up 38% to £8.03 million, (FY22 £5.83 million), reflecting acquisitions made during the period as well as strong organic growth within the core businesses of 21% for the year.

Gross margins on continuing businesses increased by 300 basis points to 47% (FY22: 44%). EBITDA on continuing businesses before central costs for the Period was £1.60 million (FY22: £1.34 million), an increase of 19%. Adjusting for central Group overheads, EBITDA was up 73% at £0.95 million (FY22: £0.55 million).

Group net profit on continuing businesses for the Period was £3.24 million (FY22: £(0.61) million) and EPS was 21.7p (FY22: (4.1)p), including disposal proceeds, excluding disposal proceeds EPS was 1.11p.

Over the year, we invested £1.68 million on acquisitions to include two freeholds - Totton (Southampton) and Coventry. In addition to the above figure, we purchased our existing security centre property in Southsea (Portsmouth). These investments reflect our long-term belief in the prospects of our security centre network.

Vigilant posted sales of £34.80 million and EBITDA of £0.92 million for FY23. The total consideration to be received for the disposal will amount to £6.5 million plus outstanding intercompany balances of £1.07 million. The Group incurred non-recurring costs related to the disposal of Vigilant totalling £0.23 million for the Period.

The proceeds from the divestment of Vigilant as well as solid underlying cash generation enabled us to end the year ungeared, with a net cash balance of £2.14 million (FY22: £2.56 million). Our cash position and ungeared balance sheet should allow us to continue our stated strategy of acquiring locksmiths and building out our security centres network where there is scope to enhance the offering and deliver synergies.

Croma Locksmiths

Croma Locksmiths consists of the following subsidiaries - Croma Locksmiths & Security Solutions Limited, Basingstoke Locksmiths Limited, Safeguard (NW) Limited, Southern Stronghold Ltd and Authorized Access Systems Ltd.

The Croma Locksmiths business delivers one-stop-shop security solutions to both commercial and residential customers and now comprises 14 security centres across the UK.

Sales for the Period within Croma Locksmiths were up 45% to £4.70 million (FY22: £3.25 million), while EBITDA of £0.97 million was up 31% from £0.74 million. We see a significant opportunity within this business for cross-selling. For example, we have an important housing maintenance client who has moved from using one local security centre to using a greater number of our security centres on a national basis to service their needs. As a result, this is expected to be a £0.20 million client for us in FY24 vs £0.02 million in FY23.

Our partnership with ILOQ, as their preferred mainstream Locksmith supplier in the UK market, continues to show great potential. Sales for the Period were £0.32 million. We secured further orders in the second half which will be delivered in the first half of the current financial year.

Croma Fire and Security (formerly Cromo Systems)

Croma Fire & Security consists of the following subsidiaries – CSS Total Security Ltd, Safecell Security Ltd and The Safecell Security Group Ltd.

Croma Fire and Security provides a full range of electronic security solutions and services to commercial and individual customers and has strong commercial relationships across the public health and hospitality sectors.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Croma Fire and Security recorded sales for the Period of £3.48 million (FY22: £2.58 million) up 35%. EBITDA for the period was up 5% to £0.63 million compared to £0.60 million in FY22. The business invested for the future and appointed a commercial manager as a new role. During the Period, sales were supported by ongoing customer relationships as well as some new customer wins with CCTV orders from transport and infrastructure clients. A number of new hospital contracts were also secured in second half of the year which will be recognised in current year numbers.

FASTVEIN/Biometrics – We have seen little progress in our innovative technology and moving forwards it is unlikely to play a large role in our strategic plan. However, we continue to provide a number of established clients with software and maintenance contracts contributing to our annual recurring revenues and will also continue to support any new enquiries.

Sale of Vigilant

The Vigilant disposal was completed on 30 June 2023. The total consideration to be received for the disposal will amount to £6.50 million plus the outstanding intercompany balance of £1.07 million. £0.67 million was paid in cash on completion together with £1.07 million of intercompany loan repayments and circa 800,000 shares owned by S. Morley and P. Williamson, former Directors (with a value of £0.38 million) which have been placed into treasury. Croma is scheduled to receive the balance of the proceeds as the loan notes and redeemable shares are settled over the next 36 months.

The consideration of £6.50 million (excluding the intercompany balance of £1.07 million) is broken down as follows:

- i) £0.67 million was paid in cash on completion
- ii) £0.38 million via the buyback of shares from S. Morley and P. Williamson (non-cash transaction)
- iii) £4.13 million covered by the issue of Loan Notes and
- iv) £1.30 million was paid on completion via the issue of redeemable shares.

Acquisitions

The Group completed two acquisitions for the Croma Fire & Security and Croma Locksmiths division during the period, Southern Stronghold Limited and Safecell Security Group Limited. These acquisitions increased the number of the Group's security centres to 14. Southern Stronghold Limited is a well-established locksmith business that operates from two premises, one in Coventry which has a large master key systems business, and one in Totton near Southampton. Stronghold also has an online business, Stronghold Direct, which has significant potential for the Group. Safecell is a long-standing Greater Manchester security business with a focus on electronic, physical security and fire systems, with a strong commercial and retail customer base in the North of England. Both these businesses provide an opportunity for Croma to roll out its offering into new locations as well as to leverage its central services and are performing well to date.

Outlook

The year has started well with a number of new commercial orders and the continued success of ILOQ. We believe that we will be able to drive sales growth organically through new sales and marketing initiatives, expanding our network of sales people, and focusing on the development of our online presence. We will also expand the network via acquisition – the pipeline is promising. The Croma balance sheet is strong, we are cash generative, and we are well-placed to take advantage of the opportunities ahead.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

Group financials	FY2023	FY2022	FY2022
	Continuing operations	Continuing operations	Continuing and discontinued operations
	£000s	£000s	£000s
Revenue	8,025	5,831	35,165
Gross profit	3,749	2,558	6,396
Gross margin %	46.7%	43.9%	18.2%
Other operating income	3	56	86
Impairment of goodwill	-	(627)	(627)
Operating profit	427	(479)	245
EBITDA	4,023	548	1,590
Profit for the year	3,235	(612)	63
Earnings per share*	1.11p	(4.11p)	0.42p
Net assets	15,151	-	12,143
Cash (used in) / generated from operations	2,406	-	(860)
Cash and cash equivalents	2,144	-	2,556
Dividends per share in relation to the year	2.2p	-	2.1p

The above financials relate to continuing operations for 2023, compared to 2022, which includes the divested division.

Profit from discontinued operations for FY2023 was £465k (FY2022: £675k).

*The earnings per share figure stated excludes the profit from disposal of discontinued operations of £3,069k which contributed 20.6p to the earnings per share figure for the year of 21.7p.

Below is a detailed EBITDA breakdown:

	Croma Locksmiths £,000	Croma Fire & Security £,000	Group £,000	Total £,000
EBITDA	970	630	2,423	4,023
Vigilant – Profit on Disposal			(3,069)	(3,069)
EBITDA, Continuing Operations	970	630	(646)	954

EBITDA on continued operations for 30 June 2023, on a like for like basis, was £954k compared with £548k for 30 June 2022 an increase of 73%.

Cash collection has improved this year compared to last year with debtors reducing by 11 days from 54 to 43.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Risk management

The Board has put in place a framework of identified risks and risk management processes.

Principal risks and uncertainties

Regulatory environment

The Group operates in a highly regulated sector and is audited and accredited by a number of regulatory bodies including the NSI, CHAS and the SafeContractor. An inability to respond and adapt to changes in the sector and comply with the regulatory requirements would adversely affect our business.

Controls and mitigating strategies

Our regulatory compliance is monitored by key members of staff who work with external consultants to maintain our processes and procedures at the required standards.

Health and safety environment

Instances of non-compliance with Health & Safety and Environmental regulations could expose our people, the environment, and our reputation.

Controls and mitigating strategies

Responsibility for health and safety compliance is delegated to experienced members of staff who work with external consultants. Training is provided to all employees.

Fraud and uninsured losses

A significant fraud in relation to our retail shops where staff operate in small numbers on a local bases (misappropriation of assets, cash and stock) or uninsured loss could damage the financial performance of our business such as financial phishing attacks.

Controls and mitigating strategies

Systems, policies, and procedures are in place to segregate duties and minimise any opportunity for fraud along with our own software systems for stock and till cash handling. Timely management reporting exists which can help identify anomalies. Where possible, our insurance strategy minimises other risks.

Cyber Security

A cyber security incident can result in authorised access to, or misuse of our information systems, technology or data. This could lead to leakage of sensitive information, loss of our critical assets, impact on trading and reputational damage.

Responsibility

Sits with internal IT Cyber team and the Executive team.

Controls and mitigating strategies

Our cyber strategy focuses on early detection and the prevention of cyber attacks. This is achieved through a number of implemented systems which are regularly reviewed. We also provide regular training sessions and communications to our staff to help prevent incidents. We are working towards ISO 27001 accreditation.

Data Privacy

Failure to comply with any legal or regulatory requirements relating to data privacy may result in fines, reputational damage or legal matters against us which would have an adverse impact on our ability to do business.

Responsibility

Sits with the internal compliance team and the Executive team.

Controls and mitigating strategies

Our data privacy strategy focuses on implementing the correct policies and controls to ensure personal data is protected and used appropriately. These policies and controls are regularly reviewed by the internal compliance team alongside third

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

party experts. We also provide regular training sessions and communications to our staff to teach them the correct practices related to data handling.

IT Systems

The failure of the groups IT systems may result loss of business operations, financial impact and reputation damage.

Responsibility

Responsibility sits with the internal IT team and the Executive team.

Controls and mitigating strategies

We continue to invest in our IT infrastructure to improve system resilience, capacity as the business grows and the capabilities of our systems to enable the business to operate more efficiently. To control this we have policies in place for change management, life cycle management and skilled IT personnel to oversee.

Other risks and uncertainties

Customer Service

The failure of our customer services could undermine our business performance.

Controls and mitigating strategies

We undertake regular customer satisfaction surveys with unsatisfactory comments being addressed. Any complaints received at Board level are dealt with on a timely basis by the affected operating division.

Credit Risk

If our customers do not pay within terms, our cashflow and liquidity may be compromised.

Controls and mitigating strategies

Responsibility for credit control is delegated to experienced staff in our finance department. While there continue to be instances where customers have settled beyond credit terms, this has not caused any difficulty.

Liquidity and funding

The directors regularly review new investment opportunities and capital projects which could compromise working capital if not adequately appraised and costed.

Controls and mitigating strategies

The Group CFO is responsible for reviewing our capital structures. Robust budgets and cashflow forecasts are prepared and presented to the Board which are reviewed and updated to ensure new projects and opportunities can be pursued either within existing working capital, or where necessary, external sources such as our banks with whom we enjoy a good working relationship.

Executive Directors:

R Fiorentino – Chief Executive Officer

Responsible for the delivery and implementation of the Group's strategy, ensuring alignment with short-term and long-term objectives. Mr Fiorentino maintains awareness in matters of crime and security product developments to drive the strategy of the business. His vast experience over many years within the industry actively supports the Group in identifying the most suitable expansion opportunities through organic growth and acquisitions.

T Andreeva – Chief Financial Officer

Responsible for overall financial strategy of the Group and for ensuring timely production of management and statutory information. With a deep understanding of the business, Mrs Andreeva is involved in strategic thinking and leadership. Beyond finance and accounting, Mrs Andreeva is involved in risk management, regulatory compliance, and business planning. She works closely with the CEO on delivering the Group's corporate strategy.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Non-Executive Directors

J Haigh

As Chairman, Mrs Haigh oversees the board and is also Chairman of the Remuneration Committee and a member of the Risk and Audit committee. She provides independent oversight and a constructive challenge to the executive directors.

S Naylor

Chairman of the Risk and Audit Committee and a member of the Remuneration Committee. As a qualified Accountant, Mr Naylor supports the Chairman with independent advice and challenge to the executive directors.

Matters reserved for the Board

The Board reserves formulation, dissemination, and implementation of strategy to itself. It also handles stakeholder relations, dividend policy, and oversight of cash management.

Other operational matters are devolved to Directors and managers, except for investment-level decisions involving material balances which require Board consideration.

Any Director needing independent professional advice in the furtherance of his duties may obtain this advice at the expense of the Group.

Board Meetings

The Board normally meets formally on a regular basis face to face and by video conference to review and discuss strategy, financial results, business planning, sales, operations, and HR matters. This year many changes were made to the Board as a result of the divestment of Vigilant in which 3 executives exited the business along with two non-executive directors that had served for many years. There were reduced Board meetings due to the time expended in the divestment process.

Directors' attendance at formal Board and Committee meetings during the year was as follows:

Name of Director	Board meetings		Audit Committee		Remuneration Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
R M Fiorentino	8	8	-	-	-	-
T A Andreeva (appointed 31 March 2023)	5	5	-	-	-	-
A N Hewson (resigned 30 April 2023)	5	5	1	1	-	-
P Williamson (resigned 6 December 2022)	2	2	-	-	-	-
R Juett (resigned 31 March 2023)	4	4	-	-	-	-
S J Morley (resigned 6 December 2022)	1	2	-	-	-	-
C N McMicking (resigned 30 April 2023)	4	6	1	1	-	-
B J Haigh - Rosser (appointed 4 April 2023)	3	3	1	1	1	1
S Naylor (appointed 1 May 2023)	2	2	1	1	1	1

Rules concerning the appointment and replacement of Directors of the Group and contained in the Articles of Association ("Articles"). Amendments to the Articles must be approved by the special resolution of shareholders. Under the Articles, all Directors are subject to election by shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter at intervals of no more than three years.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Internal control and risk assessment

The Board is responsible for maintaining an appropriate system of internal controls to safeguard the shareholders' investment and Group assets. Where appropriate, the Board may delegate responsibility to the CFO to review internal controls then feeds back to the Board.

The Directors continue to review the financial reporting procedures and internal controls of the Group companies to ensure they are robust enough to deliver timely, detailed reporting that will allow accurate monitoring of the Group's performance.

Internal financial control procedures undertaken by the Board include:

- review of monthly financial reports and monitoring performance
- approval of all significant expenditure including all major investment decisions
- review and approval of treasury policy.

In the context of the Group's overall strategy the Board undertakes risk assessment as well as the review of internal controls. The review covers the key business, operational, compliance and financial risks facing the Group. In arriving at its judgement of what risks the Group faces, the Board has considered the Group's operations in the light of the following:

- the nature and extent of risks which it regards as acceptable for the Group to bear within its overall business objective
- the threat of such a risk becoming a reality
- the Group's ability to reduce the incidence and impact of risk on its performance
- the cost and benefits to the Group of operating the relevant controls.

The Board has reviewed the operation and effectiveness of the Group's system of internal control and risk assessment for the financial year and the period up to the date of approval of these financial statements.

Relations with shareholders

Communication with shareholders is given a high priority by the Board and the Directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and vote at our Annual General Meeting.

Section 172 statement

Section 172 of the UK Companies Act 2006 requires Directors to act in a way they consider, in good faith, would promote the success of the Group for the benefit of its members as a whole. In doing this the Directors are required to have regard to the interest of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making decisions. Details on how the Board operates and the way Directors reach decisions, including some of the matters discussed during the year and the key stakeholder considerations that were central to those discussions, are included in the Corporate Governance Report on pages 14 to 20.

The Board considers that the impact of the Group's operations on the community and environment are minimal. However, measures including the regular replacement of company vehicles, so that our fleet meets the most up to date emission standards; occupation of modern energy efficient premises; route planning and vehicle tracking to minimise company mileage, so as to reduce their carbon footprint; are all matters which are given consideration.

The Group reports under the Energy Savings Opportunity Scheme (ESOS) and receives reports from its advisors giving further recommendations the Group can take to reduce its environmental impact. Our Greenhouse gas emissions, energy consumption and energy efficiency actions are reported in the Directors report on page 22.

Audit committee matters

The terms of reference of the Audit Committee are to assist the Board in discharging its collective legal responsibility for ensuring that:

- the Group's financial and accounting systems provide accurate and up-to-date information on its current financial position.
- the Group's published financial statements represent a true and fair reflection of this position; and
- the external audit, which the law requires to provide independent confirmation that these legal responsibilities are being met, is conducted in a thorough, efficient, and effective manner. The external auditor may attend Audit Committee meetings.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Non-financial and sustainability report

Since its inception, Croma has always sought to operate under a high quality of Environmental, Social and Governance guidelines.

Our activities have a minimal effect on the environment, but where it does we always make sure to endeavour to act responsibly. The Group reports under the Energy Savings Opportunity Scheme (ESOS) and receives reports from its advisors giving further recommendations the Group can take to reduce its environmental impact. Our Greenhouse gas emissions, energy consumption and energy efficiency actions are reported in the Directors report.

Post June 2023, the Group counts less than 250 employees, but we remain committed to full transparency and diversity across the Company. The Group recruits and screens employees based on integrity, as well as competence. The Group has in place an anti-bribery policy and an anti-slavery policy which are both reviewed at appropriate intervals. We welcome applications for employment from disabled persons, and all necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate. Our Croma Fire and Security business has introduced a trainee programme as well as an overseas sponsorship scheme to diversify our employment strategies. We strive for diversity across all levels of the business and this year welcomed two women to our Board with the appointment of J Haigh as Chair and T Andreeva as CFO.

We believe good Governance is key to the Company building a recognised brand that is synonymous with the provision of the highest level of security products and services. As the Board delivers on its Governance commitments, this year there have been three new additions to the Board as we have reset the business. The appointments of Non-Executive Chairman Jo Haigh, the Financial Director Teo Andreeva, and Non-Executive director Steve Naylor all introduce a range of business and financial experience, which is important in delivering our Company's strategy and offering. The new board is composed so as to maximise transparency, deliver on governance guidelines, and hold accountability. We also have Audit, Remuneration and Risk Committees in place to support these commitments.

Climate-related Financial Disclosure Report

In FY2023 for the first time we have reported under the Climate-related Financial Disclosure Regulations 2022. This is due to our Company for the majority of the period under review having over 500 employees. However, on 30 June 2023 the Company divested its subsidiary Vigilant and as a consequence the ongoing number of employees in the Company will be significantly below 500. The requirement to report under the Climate-related Financial Disclosure Regulations are unlikely to apply in June 2024. The Company has therefore fulfilled its requirement to report under the Climate-related Financial Disclosure Regulations in this report and will review the way it reports in the future on environmental issues during the course of the current financial year.

Governance

The Board is responsible for setting the strategic direction of the Group and ensuring the long term success of the business. As part of that success, it ensures that risks are identified, considered and appropriate actions are taken to limit any negative impact to Croma. The Board has overall responsibility for all matters including monitoring and responding to risks and opportunities arising from climate change. The Group reports under the Energy Savings Opportunity Scheme (ESOS) and receives reports from its advisors giving further recommendations the Group can take to reduce its environmental impact.

Strategy

The Board's strategy is to support long term business growth whilst minimising its impact on the environment and operating in an ethical and responsible way. The Board is continuously conscious of the risk associated with climate change and has taken a number of actions to reduce the Company's impact on the environment.

- Our Greenhouse gas emissions, energy consumption and energy efficiency actions are reported in the Directors report. This considers all fuel purchased for company vehicles, gas and electricity purchases for company offices and reimbursements to employees who used their own vehicles for business travel.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

- Measures to reduce the carbon footprint of company vehicles so that our fleet meets the most up to date emission standards include:
 - Regular replacement of company vehicles
 - Occupation of modern energy efficient premises
 - Route planning
 - Vehicle tracking to minimise company mileage

Where we are aware of significant risk or opportunity, the Board is responsible for coordinating the response from the wider business to ensure that we are building the appropriate actions into our operational and financial planning. This includes identifying projects such as energy efficiency as well as working with suppliers to ensure that we have a secure and ethical supply chain.

In assessing how these risks might impact us, we have applied the guidance from the London Stock Exchange which prompts the business to define whether it would still be profitable if:

- All countries were successful in achieving goals of the Paris Agreement and there is an orderly transition to a low carbon economy
- There is an abrupt and disorderly transition as countries belatedly catch up on climate crisis management
- There is a failure to transition

While it is difficult to predict the answers to those questions with certainty, Croma believes that we will be able to develop plans that enable us to respond effectively to these scenarios.

Key performance indicators

Indicator	Performance
------------------	--------------------

Croma Locksmiths

Sales and retail performance	Using our in-house developed EPOS software and Business Intelligence, sales and footfall are recorded on a daily basis to help management steer the business.
------------------------------	---

Emphasis is placed on individual performance of the outlets with regular visits, consultations and meetings with branch managers to support continued business development.

The implementation of targets has supported sales growth with sales up by 45% to £4.70m (2022: £3.25m) with much of this organic and £0.71m of this growth driven by the acquisition of our new branches in Totton (Southampton), Coventry and Bury.

Our strategy continues to be to develop our existing geographic coverage by expanding our branch network of security centres thus taking advantage of improved economies of scale, and to gain more profitable commercial contracts on the back of this.

Cash	We invested £1.68 million on acquisitions to include two freeholds - Totton (Southampton) and Coventry. In addition to the above figure, we purchased our existing security centre property in Southsea (Portsmouth).
------	---

During the year the cash policy has changed to hold excess cash over and above working capital requirements in the parent company within interest bearing accounts.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Croma Fire and Security

Sales	Sales saw a 35% improvement to £3.48m (2022: £2.58m). We continue to invest in our sales team with additional staff and additional overheads to actively market our Systems business through our growing chain of security centres.
Customer retention	Customer retention remains high based on the level of renewing maintenance contracts (90%) from existing customers each year. It has been maintained by the implementation of a customer retention policy headed by the commercial manager.
Engineers	The engineer market remains very active and engineer retention and remuneration is monitored. The business has been impacted by a shortage of engineers but is addressing this with its trainee programme and overseas sponsorship scheme.
Cash	At the year-end cash balances are £0.02m (2022: £0.18m). During the year the cash policy has changed to hold excess cash over and above working capital requirements in the parent company within interest bearing accounts.

Croma Vigilant (disposed of 30 June 2023)

Sales	Sales were up £5.47m to £34.80m for the year.
Gross margin	Gross margin was up from 13% in 2022 to 14% in 2023.
Operating profit	Due to increased operating costs operating profit was down by 36% from £0.72m to £0.46m.

Roberto Fiorentino

Roberto Fiorentino (Nov 6, 2023 18:34 GMT)

Roberto Fiorentino - Chief Executive Officer
6 November 2023

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Statement of Corporate Governance

The Board

The Board is responsible for the governance of the Group and Company, governance being the systems and procedures by which the Group and Company is directed and controlled. A prescribed set of rules does not itself determine good governance or stewardship of a company and, in fulfilling their responsibilities, the Directors believe that they govern the Group and Company in the best interests of the shareholders, whilst having due regard to the interests of other stakeholders in the Group including, in particular, customers, employees and creditors.

The Board comprises, the Non-Executive Chairman J Haigh, the Chief Executive Officer R M Fiorentino, the CFO T Andreeva and one Non-Executive director S Naylor.

The biographies of the Directors are set out in this document on page 21. These show the range of business and financial experience upon which the Board can call. The Board's goal is to ensure that its membership should be balanced between Executives and Non-Executives and have the appropriate skills and experience and knowledge of the business.

Chairman

The Chairman is responsible for making sure that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company's strategy and its overall implementation. The Chairman should ensure that the Board receives accurate, timely and clear information and there should be good information flows within the Board and its committees as well as between the non-executive director and senior management.

Non-executives

Non-executive Directors should be independent, be able to provide appropriate oversight and to perform their role. The non-executive Directors of the Company:

- Are required to commit an appropriate amount of time to the Company of approximately 15 days on an ongoing basis, including attendance at 12 Board meetings per annum of which 5 face to face meetings per year where possible, and on regular conference calls with the Board, and to be available to shareholders as required;
- Are appointed to the three Board committees with formal terms of reference;
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- Are responsible for determining appropriate levels of remuneration of executive Directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;
- Uphold high standards of integrity and probity, supporting the executive Directors in instilling the appropriate culture, values and behaviours in the Boardroom and beyond;
- Will receive high-quality information sufficiently in advance of Board and committee meetings, which is accurate, clear, comprehensive, up-to-date and timely;
- Have access to the Chief Executive Officer, the Chief Financial Officer and the Company's advisers;
- Are able to call upon independent professional advice at the Company's expense if they consider it necessary to discharge their responsibilities as Directors;
- Are expected to receive ongoing training and development; and
- Will have their performance assessed on a regular basis (along with the executive Directors).

The QCA guidelines acknowledge for growing companies it may not be possible for boards to meet the definition of "independence" for Non-Executive Directors, however it sets out that it is important for the board to foster an attitude of independence of character and judgement.

Based on the QCA guidelines the Board concludes that the Non-Executives are independent in terms of character and judgement in how they execute their role as Non-Executive Directors.

The Board is mindful of the threat to independence and actively manages the potential risk to ensure that the Non-Executives provide the independent constructive challenge to help develop the Board's proposals on strategy.

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Board Committees

The standing committees of the Board are the Audit, Remuneration and Risk Committees. At the current time it is not felt that a Nominations Committee is appropriate given the size and scope of the Company's operations, with any tasks and responsibilities in respect to nominations being handled by the Board as a whole.

Audit Committee

The Audit Committee comprises of J Haigh and is chaired by S Naylor, who is an FCA Chartered Accountant and has relevant financial experience. The Audit Committee reviews the external audit activities, monitors compliance with statutory requirements for financial reporting and reviews the half year and annual financial statements before they are presented to the Board for approval. The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Auditor and the effectiveness of the Group's internal control systems.

The Group does not have an independent Internal Audit function, as it is not considered appropriate given the scale of the Group's operations. However, the Groups' CFO is continuously improving on internal control, by evaluating and testing the Group's financial control procedures and standardise processes around best practice. Any significant issues are reported to the Chairman of the Audit Committee and shared with the external Auditors as appropriate.

The Group CFO and the external Auditors attend meetings of the Audit Committee by invitation. The Committee may also hold separate meetings with the external Auditors, as appropriate.

Remuneration Committee

The Remuneration Committee comprises of S Naylor and is chaired by J Haigh. Although not a member of the Committee, the Committee would normally consult the Chief Executive on proposals relating to the remuneration of members of the Group's senior management team, though never for matters related to his own remuneration package. The Committee, on behalf of the Board, determines all elements of the remuneration packages of the executive Directors and would also approve any compensation arrangements resulting from the termination by the Company of a Director's service contracts. For Directors' remuneration see note 7.

Risk Committee

The Risk Committee comprises of J Haigh, T Andreeva, R Fiorentino and is chaired by S Naylor.

The primary objective of the Board Risk Committee is to assist the Board in overseeing the management of risk across the Group. This role is performed by ensuring that key risks are identified, and steps are taken by management to mitigate them within the risk appetite levels agreed by the board. Consideration is given to all significant matters relating to governance, control, regulatory and compliance issues. The identified risks and the reporting of the risk assessment is included in the annual report and accounts within the Strategic Report.

Frequency of meetings

Where possible, the Board meets on a formal basis every month. Relevant information is distributed to Directors in advance of the meetings. The Board makes decisions on all material matters including long term and commercial strategy, annual operating and capital budgets, capital structure and financial and internal controls.

The Group has a formal schedule of matters reserved to the Board which is periodically reviewed and approved by the Board.

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Evaluating Board Performance

The Board has a number of sources of information from which it judges its own performance and that of the individual Directors, and these include but are not limited to:

- Financial performance indicators including, revenue, order book (including contract wins and losses), gross margin, net margin, earnings per share and cash flow;
- The Company's share price;
- Reports from external auditors;
- Shareholder feedback;
- Customer feedback; and
- Employee feedback.

All these factors are considered, and action taken to improve performance as appropriate.

Communication with shareholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategies, and financial position, in addition to having regard to its obligations as a quoted public company and the AIM Rules.

The Group holds meetings with significant shareholders on a regular basis and regards the Annual General Meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

The Group lists contact details on its website should shareholders wish to communicate with the Board. All announcements and results, including those released via RNS and RNS Reach, are available on the Group's website.

Internal controls

The Board reviews and approves an Annual Budget and Business Plan prior to the start of each financial year. This includes reviewing the key strategic, operational and financial objectives for the year, together with a detailed financial budget.

The Executives are accountable to the Board for delivery of the Annual Business Plan. The Executives report performance against the plan on a monthly basis, which includes detailed analysis of budgetary variances and updated financial projections.

To provide a framework for the delivery of the Group's strategy and plans, the Board has developed an organisational structure with clear roles and responsibilities, and clear lines of reporting.

City code on takeovers and mergers

The Company is subject to the City Code on Takeovers and Mergers.

QCA Corporate governance code

In accordance with AIM rule 26 the Company has adopted the QCA code and sets out below how it has adopted and complied with the QCA code.

1. Establish a strategy and business model which promotes long-term value for shareholders

The strategy and business model of the Group is expressed more clearly in the Chairman's Statement and the Strategic Report. In summary, the Group seeks to build a recognised brand that is synonymous with the provision of the highest level of security products and services. The Group is stringently focused upon delivering outstanding service delivery for all our clients, and in such a way that in time our clients can have all their security needs met by one service provider.

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

The values we adopt are largely driven on endeavouring to engage employees that can deliver a capable, well trained highly motivated service. We continue to believe that this approach will deliver market leading full-service security offerings to the top end of the corporate and residential markets, as well as leading public service providers such as utilities, hospitals and schools.

The Group has a strategy to acquire new businesses and applies rigorous checks to the suitability and value of any such decisions.

The business has a reasonable appetite for risk and we actively engage in developing new technologies to assist our service provisions even where such new technologies have a long development phase.

Our markets are highly regulated, audited and accredited by a number of regulatory bodies, including the NSI, BAFE and CHAS, all of which require our Board and operational employees to be personally regulated, thus adding to the maintenance of the values and standards we operate to.

2. Seek to understand shareholder needs and expectations

The Group seeks to maintain a dialogue with its shareholders in order to communicate the Group's strategy and results and to understand the needs and expectations of its shareholder base.

The Board is aware of the need to protect the interests of minority shareholders, and balancing those interests with those of any more substantial shareholders.

Beyond the Annual General Meeting, the Executives seek to meet with all significant shareholders after the release of the half year and full year results. The Chief Executive is the primary point of contact for the shareholders and is available to answer queries over the phone or via email from shareholders throughout the year.

3. Consider wider stakeholder and social responsibilities and their implications for long-term success

The Directors are aware of the impact that its business activities have on the communities in which the Group's businesses operate, and is aware of its corporate responsibilities to its stakeholders including staff, suppliers, customers and the wider society. The Group endeavours to take into account feedback received from stakeholders, by making amendments to its business plans and operations as appropriate.

The environmental impact of the Group's activities is carefully considered and the maintenance of high environmental standards is a key priority.

The Board endeavours to create a platform for delivering a high-quality service and this requires us to utilise best in class suppliers (such as iLOQ, Hitachi, Assa Abloy, and Bosch), for customers who appreciate and therefore pay for a higher level of service, and a workforce that is trained to the highest standards to always give of its best.

We constantly solicit feedback from all stakeholders, some of which is on the website of the Company in terms of customer experiences, and supplier confidence in us and in our operations.

Our customers are of course pivotal to the success of our business. Through our sales and operations teams, we endeavour to supply a knowledgeable and targeted service. Our security solutions are tailored to exactly meet our client's requirements. We are well placed to meet our customers security needs by bringing all the skills across our divisions together to provide a one-stop solution.

We operate an open-door policy and employees can speak and engage with senior management or the Board about issues or ideas.

We have a formal induction and appraisal processes for new and existing employees. We have a web-based employee portal primarily used for scheduling holidays and access to company policies and information. This portal undergoes continuous development. We also have a cross company integrated email system and utilise video conferencing software for collaboration between stakeholders internally and externally.

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established Audit, Risk and Remuneration Committees, a summary of which is set out above, and in this Corporate Governance section.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors, as well as against material loss or claims against the Group. The insurance cover in place is reviewed on a periodic basis.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board, the identities and biographies, the Board committees and the timing of Board meetings and a detailed summary of attendances at those meetings is considered in the Strategic Report, the Directors' Report and elsewhere in the Accounts.

The Board considers that both its non-executive Directors are independent and that they have the time necessary to be able to provide rigorous challenge to the executive Directors when necessary as well as support as needed. Nevertheless, guidance on time served by non-executives and the expansion in the business means the Board keep this under review.

The Board considers itself sufficiently independent. The QCA Code suggests that a board should have at least two independent non-executive Directors. The Board have considered each non-executive Directors' length of service and interests in the share capital of the Group and consider that J Haigh and S Naylor are independent of the executive management and free from any undue extraneous influences which might otherwise affect their judgement. All board members are fully aware of their fiduciary duty under company law and consequently seek at all times to act in the best interests of the Company as a whole.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Directors who have been appointed to the Company have been chosen because of the skills and experience they offer and their personal qualities and capabilities. Full biographical details of the Directors are included under "the Directors biographies" section of the website which give an indication of their breadth of skills and experience.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing strategy of the Group.

All members of the Board are encouraged to attend management development courses. The Board is rigorous in reviewing the performance of each of its Directors and where there are actions that need to be taken, the Board is proactive in carrying out what needs to be done.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The non-executive Directors monitor the personal and corporate performance of the Chief Executive, including asking the Company's senior management, auditors, and other advisors to report on his performance.

The Executives participate in an annual performance related bonus arrangement. As soon as reasonably practicable after the announcement of the preliminary results or the publication of the accounts of the Company for each financial year, the Remuneration Committee considers the performance of the Company and the Executives in that year against relevant targets and then, in its absolute discretion, determines the value of any bonus to be received by the Executives in respect of that year.

Succession planning is considered by the entire Board. The Board recognises the importance of considering succession planning, and each division has a leader and deputies, who are able, effectively, to step into the shoes of the leader.

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

The Chairman will conduct an effectiveness review by means of a questionnaire, with comment on the Chairman passed to the Non-Executive Director. Comments will also be made on non-executive Directors and the Committees' effectiveness. The results of this exercise will be reviewed and individual feedback will be provided for each of the Directors, and the Board as a whole. Feedback will be provided by the Chairman in respect of assessments of each of the other Directors and the Board as a whole, and by the Non-Executive Director to the Chairman himself.

The outcome of the appraisal is to assess if the Board has been effective in discharging its duties during the year and it will be formally discussed at a Board meeting, with conclusions in the areas of major shareholder representation in the Board, how the NEDs interact with the Board, the development of strategy and the presentation of recommendations to the Board.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company has no formal values statement but the business is still driven by a guiding set of principles or ways of behaving and doing business. The Group is focused on principled performance, and transparent reporting from the businesses to the Board, and from the Board to the Shareholders and advisors through regular meetings, presentations, the Annual Report and at the Annual General Meeting.

Senior management are encouraged to take personal responsibility for achieving the Group's objectives and to act with openness, integrity and trust. Staff are encouraged to ask for help, admit to their mistakes and put things right. The Group does not operate a blame culture. The non-executive members of the Board are encouraged to have open dialogues with senior management around the Group about their opinions and concerns.

Senior management across the organisation are comfortable coming forward with legal, compliance, and ethics questions and concerns without fear of retaliation at the frequent subsidiary level Board meetings, which are all attended by the Chief Executive and the CFO.

The Group recruits and screens employees based on integrity, as well as competence. Employees are well-treated when they leave or retire.

The Group has in place an anti-bribery policy and an anti-slavery policy which are both reviewed at appropriate intervals.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has overall responsibility for the strategic direction and performance of the Group. The executive Directors have day-to-day responsibility for the operation of the Group's businesses and implementing the strategy of the Board.

The Board meets once a month. The Board is provided with detailed financial reports of the Group's financial performance on a regular monthly basis with more frequent updates if required. Detailed written reports are provided one week prior to the Company's Board meetings. Written recommendations from the executive Directors are delivered in a timely manner with supporting documentation, supplemented as required by reports from external professional advisers so that the Board can constructively challenge recommendations before making decisions.

The Chief Executive Officer is the primary point of contact for the shareholders and is available to answer queries over the phone or via email from shareholders throughout the year.

The Group has an Audit, Risk and Remuneration committee. The Audit Committee comprises J Haigh and is chaired by S Naylor. The Remuneration Committee comprises S Naylor and is chaired by J Haigh. The Risk Committee comprises J Haigh, T Andreeva, R Fiorentino and is chaired by S Naylor.

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Formal terms of reference have been agreed for Board Committees. The responsibilities of each of these have been summarised below:

Audit Committee

- To meet at least twice a year and otherwise as required, with the external auditor in attendance
- Appointment of external auditors
- To agree the nature and scope of the audit with the external auditors
- To review the effectiveness of Company's internal control framework
- To review effectiveness of the Company's risk management framework
- To review the annual financial statements, and challenge where necessary, the actions and judgements of management in relation to these; and
- To attend the Annual General Meeting to answer any shareholder queries

Remuneration Committee

- To set the remuneration for the Board including basic pay, any bonus basis and awards and participation in share incentive schemes.
- To agree the terms of employment of all Board members, including those on cessation of employment, ensuring all payments are fair to both the employee and the Company.
- To continue to review the appropriateness of the remuneration policies, with reference to the conditions across the Group and up-to-date information in other companies.
- To ensure that all requirements on the disclosure of remuneration are fulfilled
- To meet at least twice a year and otherwise as required
- To attend the Annual General Meeting to answer any shareholder queries

The Board has considered the requirements of the QCA code and our responsibilities. Where we haven't made the relevant disclosures as per the code, we consider this appropriate for the size and nature of the business.

Risk Committee

- Consider and challenge the effectiveness of the business and recommend any changes to the Board.
- Consider, review and approve the overall risk appetite, risk attitude and risk strategy.
- Oversee and monitor current risk exposures and emerging/future risk strategy.
- Ensure that the processes for managing risks are fit for purpose and implemented appropriately by management. Monitor the Group's most significant risk exposures.

The Board offer to meet with all significant shareholders after the release of the half year and full year results, and encourage all shareholders to attend and ask questions of the Board as a whole at the Annual General Meeting.

The Chief Executive is the primary point of contact for the shareholders and is available to answer queries over the phone or via email from shareholders throughout the year.

There is a strong focus on transparent reporting in the half year interim results and annual report, including the challenges faced by the Group both in the reporting periods and in the future.

The Group's website is regularly updated. The Group's financial reports and Annual Reports, Notices of the General Meetings of the Company can be located under the "Company Documents" section of the website.

The results of voting on all resolutions at future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have comprised a significant proportion of votes.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

BOARD OF DIRECTORS FOR THE YEAR ENDED 30 JUNE 2023

Directors Biographies

B J Haigh - Rosser - Non-Executive Chairman

J Haigh brings significant experience to the Group. Currently, she is Chairman of FDS, provider of corporate finance services, with a focus on supporting companies develop, expand and then secure successful exits.

Alongside her M&A advisory work, Jo provides specialist director training services. In 2018 she founded OnBoarding Officers, an exclusive community for exiting military officers to help them transfer their skills into the commercial world and become world-class business leaders.

Roberto Fiorentino - Chief Executive Officer

Roberto Fiorentino is Chief Executive Officer of the Group. Roberto has over four decades of experience across all areas of the security industry. One of the true pioneers in the sector, he has been instrumental in driving a shift in the business to prevention solutions.

Under his leadership, the Group has successfully grown the core business thanks to a focus on innovative technological solutions, as well as to a number of strategic acquisitions which have enabled the Group to expand its network to where it stands today.

Teo Andreeva - Chief Financial Officer

Teo Andreeva was appointed Chief Finance Officer of the Group in April 2023. Mrs Andreeva has over 15 years' experience at Croma and has extensive and detailed knowledge of all areas of the business.

Appointed Group Financial Controller in 2015, Teo was instrumental in supporting the Group in its transition from family-owned to listed company, implementing rigorous financial management practices as well as being at the forefront of change management.

Alongside Roberto, Teo is focused on driving Group acquisition strategy. Teo is CIMA certified.

Steve Naylor - Non-Executive Director

Steve Naylor, non-executive Director, is an experienced Financial Director of both public and private companies. Currently he provides fractional director services to growing businesses, where he has worked with a number of ecommerce, telecommunication and software companies. Previously Steve was a Financial Director for Advanced Smartcard Technologies PLC, an AIM listed company, and the company secretary of main market listed Sanderson Group PLC. Steve is an FCA Chartered Accountant.

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Directors submit their report and the audited annual financial statements of Croma Security Solutions Group PLC and its subsidiary undertakings for the year ended 30 June 2023.

Principal activities

Croma Locksmiths:- Provide mechanical solutions via our 14 retail outlets as well as our team of onsite engineers. This allows us to supply, install and maintain Locks, Padlocks, Safes, Ironmongery, UPVC mechanisms, Security Shutters, Grilles, and Doors.

Croma Fire and Security:- Operate from our offices in the South and the North and design, supply, install, monitor and maintain Intruder Alarms systems, CCTV, Fire and Life Safety systems, Perimeter Detection Systems, Barriers, Gates, Bollards and Automatic Doors.

Directors

The Directors who have held office at any time during the reported period are as follows:

Executive Directors

R M Fiorentino
S J F Morley (resigned 6 December 2022)
R A Juett (resigned 31 March 2023)
P Williamson (resigned 6 December 2022)
T Andreeva (appointed 31 March 2023)

Non-executive Directors

A N Hewson (resigned 30 April 2023)
C N McMicking (resigned 30 April 2023)
B J Haigh - Rosser (appointed 4 April 2023)
S Naylor (appointed 1 May 2023)

Including immediate relatives, the Directors who have held office at any time during the reported period had the following beneficial interest in the ordinary shares of the Company:

	2023	2022
R M Fiorentino	3,902,175	3,902,175
T Andreeva (appointed 31 March 2023)	-	-
B J Haigh - Rosser (appointed 4 April 2023)	-	-
S Naylor (appointed 1 May 2023)	-	-
S J F Morley (resigned 6 December 2022)	-	575,000
R A Juett (resigned 31 March 2023)	-	12,500
A N Hewson (resigned 30 April 2023)	-	203,565
C N McMicking (resigned 30 April 2023)	-	65,000
P Williamson (resigned 6 December 2022)	-	197,422

Major shareholdings

Apart from the interests of the Directors referred to above, the Company has received the following notifications of holdings of more than 3 per cent of the ordinary share capital of the Company at 30 June 2023:

Premier Miton Group Plc	6.20%
Liontrust Investment Partners LLP	5.45%
Francis Erard	4.10%

There are 40,500 (2022: 108,180) options in issue over the company's shares of which 2,000 (2022: 68,180) are held by the Directors.

At 30 June 2023, 1,794,936 (2022: 996,514) shares were held in treasury, being 11.3% (2022: 6.3%) of the issued share capital. The increase in treasury shares is from the share buyback from former Directors Sebastian Morley and Paul Williamson.

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

Matters covered in the strategic report

Statutory disclosures required under company law within the Directors report are included where relevant within the strategic report.

Financial Risk Management

Details of exposure to price, credit, liquidity and cash flow risk are included in notes 21.

Research and development

There was no significant research and development expenditure during the year or the prior year.

Employment of disabled persons

The Group considers applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Risk Management

The principal risks are regularly reviewed by the Board such that our business longevity, reputation and environmental footprint are managed in a way which protects the interests of our business and its stakeholders.

Critical risks are identified as those which would prevent the business operating or have a significant impact on profitability or reputation. These form part of our risk register reviewed by the Board. Key risks are those which the business needs to consider and mitigate in the normal course of business. The Board has responsibility for monitoring and formulating appropriate actions plans to respond to both critical and key risks.

The Group operates in a highly regulated sector and is audited and accredited by a number of regulatory bodies including the NSI, CHAS and SafeContractor.

The table below represents the critical risks that Croma is exposed to as a result of climate change. These have been classified as "physical" – i.e., risks due to longer term shifts in climate patterns – or "transitional" – risks in transitioning to a lower carbon economy, in line with the TCFD framework.

Risk Identified	Impact	Type	Timeframe
Increased rainfall over UK winters increases flood risk	A minimal number of our sites are in coastal or riverside locations at risk of flooding. The risk of flooding is considered as part of the SAR process when selecting new sites and monitored through the annual insurance process.	Physical	Short
Drier/ hotter summers leads to droughts / water shortages	Water stress in sites, increased energy costs for refrigeration and cooling at sites.	Physical	Short
Extreme weather events cause disruption in supply chains	Global droughts may impact our suppliers.	Physical	Long
Compliance and cost risk from new government regulation	Increased cost to comply with new government regulation to meet climate targets, such as packaging tax, carbon taxes, EPC standards etc. Potential financial penalties and reputational damage for non compliance.	Transitional	Medium
Risk Identified	Impact	Type	Timeframe
Cultural shift to prioritising sustainability	Increased focus from both customers and teams on sustainability. Impact on car fleet. Recruitment / retention/ reputational impacts if we're not seen to be driving change.	Transitional	Medium

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

Carbon Metrics

In FY23 we collected data and calculated the energy consumption levels and Co2 emissions across the Group. This included all fuel purchased for company vehicles, gas and electricity purchases for company offices and reimbursements to employees who used their own vehicles for business travel. This information was converted to equivalent kilograms of carbon dioxide (kg of Co2) emissions in all cases. We will use this data as a springboard to enable us to track our progress to lowering our overall emissions and carbon footprint. The Group's emissions from energy use during the year are reported in the section below.

Environmental policy

The Group recognises the importance of environmental responsibility. The nature of its activities has a minimal effect on the environment but where it does the Group aims to act responsibly and is aware of its obligations at all times.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group has collected data on its energy consumption and Co2 emissions for the year. This considers all fuel purchased for company vehicles, gas and electricity purchases for company offices and reimbursements to employees who used their own vehicles for business travel. This information was converted to equivalent kilograms of carbon dioxide (kg of Co2) emissions in all cases.

The Group's emissions from energy use during the year were:

- Direct and indirect emissions from transport use were 253 tonnes of Co2 (2022: 288 tonnes)
- Direct emissions from the combustion of natural gas were 22 tonnes of Co2 (2022: 27 tonnes)
- Indirect emissions from the use of electricity were 34 tonnes of Co2 (2022: 26 tonnes)

Total emissions were the equivalent to 0.25 tonnes per employee (2022: 0.34)

The Directors recognise the importance of energy efficiency and during the year have continued to replace the group's vehicle fleet with lower emission and electric alternatives.

Employee involvement

During the year, the Group had on average over 1,000 employees. Following the divestment of Vigilant on 30th June 2023, the Group now has less than 250 employees, but we remain committed to full transparency. Our policy is to consult and discuss with employees matters likely to affect employees' interests through staff councils and at meetings. Information on matters of concern to employees, especially in the year under review, is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance, and particularly in regard to health and safety at work.

Political and charitable donations

Charitable donations were £8,986 (2022: £4,277). There were no political donations in the current year and prior year.

Dividends

A final dividend for the year ended 30 June 2022 was declared on 11 November 2022 and paid on 16 December 2022 at a cost of £0.31m. Subject to approval at the AGM, the Board recommends a final dividend of 2.2p per share.

Post balance sheet events

On 3 August 2023, Croma Security Solutions Group, pursuant to the authority approved by shareholders at the Company's Annual General Meeting held on 6 December 2022, the Company purchased 400,000 of its own ordinary shares of 5 pence each at a price of 45 pence per share.

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

Outlook

The outlook for the business remains positive. The Group continues to invest in infrastructure and other opportunities to expand operations and deliver growth.

Auditors

A resolution proposing the reappointment of CLA Evelyn Partners Limited will be put to the shareholders at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- a) So far as they are aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- b) They have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board

Teo Andreeva

Teo Andreeva (Nov 6, 2023 18:17 GMT)

T A Andreeva – Chief Finance Officer

6 November 2023

STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2023

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' report and the Group and Parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102, the Financial Reporting Standard applicable in the UK).

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 Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company, and Group, and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for the Group's system of internal financial control, 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 are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Signed on behalf of the Board


Teo Andreeva (Nov 6, 2023 18:17 GMT)

T A Andreeva – Chief Finance Officer
6 November 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2023**



Opinion

We have audited the group financial statements of Croma Security Solutions Group Plc (the 'group') for the year ended 30 June 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Our approach to the audit

Of the group's twelve reporting components, we subjected all components to audit for group reporting purposes where the extent of our audit work was based on our assessment of the risk of material misstatement.

The components within the scope of our work covered 100% of group revenue, 100% of group profit before tax, and 100% of group net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including those which 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 matter	Description of risk	How the matter was addressed in the audit
Recoverability of intangibles including goodwill in relation to the group and investment in subsidiaries in relation to the parent company	<p>The group has material goodwill and other intangible assets relating to two cash generating units.</p> <p>The Group's assessment of the carrying value of these cash generating units requires significant judgement regarding cash flows, growth rates, discount rates, and sensitivity assumptions.</p>	<p>We challenged the assumptions used in the impairment model for goodwill and other intangible assets as described in notes 12 and 13 of the group financial statements and investments in subsidiaries as described in note E of the parent company financial statements. As part of our procedures we:</p> <ul style="list-style-type: none"> • assessed actual trading performance in the financial year against budget to determine the reasonableness of using budgets for the impairment model;

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2023**

	<p>The parent company has material investments in subsidiaries. The parent company's assessment of carrying value requires significant judgement regarding cash flows, growth rates, discount rates, and sensitivity assumptions.</p>	<ul style="list-style-type: none"> • assessed budgets for the next financial year against actual current year trading performance; • reviewed and challenged the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations and historical data; and • considered sensitivity analysis of key variables included within the value in use calculations. <p>In performing our procedures, we used our internal valuation specialists to assess the appropriateness of the impairment model used and discount rate applied.</p> <p>For the parent company, we first assessed whether there were any indicators of impairment to the value of the investment in subsidiaries. Where an impairment review was required, we performed in line with the procedures above.</p>
--	---	--

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £642,000. This has been determined with reference to the benchmark of the group's revenue for the year (including discontinued operations) which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 1.5% of the group's revenue as presented in the consolidated statement of comprehensive income and the group's revenue from discontinued operations as presented in note 32 of the financial statements.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £417,300. This has been determined with reference to the benchmark of the parent company's total assets as it exists only as a holding company for the group and carries on no trade in its own right. Parent FS materiality represents 2.7% of the parent company's total assets as presented on the face of the parent company statement of financial position.

Performance materiality for the group financial statements was set at £417,300, being 65% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 65% to reflect the areas of judgement and estimation within the financial statements and our expectations regarding potential audit differences.

Performance materiality for the parent company financial statements was set at £333,840, being 80% of parent FS materiality. It was set at 80% to reflect the fact that few misstatements were expected in the current period and there is little judgement or estimation in the financial statements other than the recoverability of the carrying value of investments in subsidiaries as referred to in our key audit matters above.

Conclusions relating to going concern

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

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

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial period ending 30 November 2024;
- Considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's segments;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC

FOR THE YEAR ENDED 30 JUNE 2023

- Comparing the forecast results to those actually achieved in the 2024 financial period so far;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of any significant expected cash outflows in the forthcoming 12-month period;
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the group 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.

Matters on which we are required to report by exception

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

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

- 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 directors' responsibilities statement set out on page 26 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 group financial statements, the directors are responsible for assessing the group'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 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC FOR THE YEAR ENDED 30 JUNE 2023

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

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

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the group's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the group's industry and regulation.

We understand that the group complies with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts and consultants. and making changes to internal procedures and controls as necessary.
- Accreditations from regulatory bodies to ensure its compliance with regulatory requirements in the sectors it operates.
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation, claims or non-compliance with regulations would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:

- The Companies Act 2006 and UK-adopted international accounting standards in respect of the preparation and presentation of the consolidated financial statements.
- Accreditations with regulatory bodies such as the National Security Inspectorate ("NSI"), The Contractors Health and Safety Assessment Scheme ("CHAS") and the Environmental Agency to ensure it continues to meet its regulatory requirements in the sectors it operates.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above

- Examined the results of any regulatory compliance audits available and performed online searches of key regulators to ensure adequate certificates/accreditations were held.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements, especially revenue, via fraudulent journal entries in particular those affecting the recognition of revenue around the year end.
- Estimates and judgements made by management regarding the forecasts and discount rate used in the impairment review of intangible assets including goodwill.
- The group's status as an AIM listed entity which creates an incentive for fraudulent financial reporting to show favourable results to the market.

The procedures we carried out to gain evidence in the above areas included:

- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and journals outside the normal scope of the client business as well as journal entries affecting the recognition of revenue around the year end;
- Substantive testing around whether revenue was recorded in the correct period; and
- Challenging management regarding the assumptions used in the estimates identified above, and comparison to historical data, market data and post-year-end data as appropriate.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS
GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2023**

A further description of our responsibilities is available on the FRC's website at 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.

Carl Deane
Carl Deane (Nov 6, 2023 18:36 GMT)

Carl Deane
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
4th Floor Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 6 November 2023

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

Continuing operations:

	Notes	2023		2022	
		£000s	£000s	£000s	£000s
Revenue	3		8,025		5,831
Cost of sales			<u>(4,276)</u>		<u>(3,273)</u>
Gross profit			3,749		2,558
Administrative expenses			(3,325)		(3,093)
Other operating income			<u>3</u>		<u>56</u>
Operating profit/(loss)			427		(479)

Analysed as:

Earnings before interest, tax, depreciation and amortisation			954		548
Impairment			-		(627)
Amortisation of intangible assets			(60)		(82)
Depreciation			<u>(467)</u>		<u>(318)</u>
			427		(479)
Financial expenses	5		(24)		(45)
Profit on disposal of discontinued operations	31		3,069		-
Profit before tax			3,472		(524)
Tax	8		<u>(237)</u>		<u>(88)</u>
Profit for the year from continuing operations			3,235		(612)

Discontinued operations

Profit after tax for the year from discontinued operations	31		<u>465</u>		<u>675</u>
Profit/(loss) after tax and total other comprehensive income			<u>3,700</u>		<u>63</u>

Earnings per share

Basic and diluted earnings per share (pence) from continuing operations	9		21.7		(4.1)
Basic and diluted earnings per share (pence) from discontinued operations	9		3.1		4.5

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £000s	2022 £000s
Assets			
Non-current assets			
Goodwill	12	5,042	5,827
Other intangible assets	13	147	207
Property, plant and equipment	14	1,950	1,477
Right-of-use assets	15	656	1,120
Other receivables	17	3,122	-
		<u>10,917</u>	<u>8,631</u>
Current assets			
Inventories	16	1,106	1,076
Trade and other receivables	17	3,551	6,778
Cash and cash equivalents	27	2,144	2,556
		<u>6,801</u>	<u>10,410</u>
Total assets		<u>17,718</u>	<u>19,041</u>
Liabilities			
Current liabilities			
Trade and other payables	19	(1,754)	(5,609)
Borrowing and lease liabilities	19	(114)	(376)
		<u>(1,868)</u>	<u>(5,985)</u>
Non-current liabilities			
Deferred tax	22	(154)	(117)
Lease liabilities	19	(545)	(796)
		<u>(699)</u>	<u>(913)</u>
Total liabilities		<u>(2,567)</u>	<u>(6,898)</u>
Net assets		<u>15,151</u>	<u>12,143</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	23	794	794
Treasury shares		(778)	(399)
Share premium		6,133	6,133
Merger reserves		2,139	2,139
Capital redemption reserve		51	51
Retained earnings		<u>6,812</u>	<u>3,425</u>
Total equity		<u>15,151</u>	<u>12,143</u>

These financial statements were approved and authorised for issue by the Board of Directors on 6 November 2023 and signed on their behalf by


J Haigh (Nov 2023 18:30 GMT)

J Haigh – Non-Executive Chairman
Croma Security Solutions Group Plc – Company Number: 03184978

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £000s	2022 £000s
Cash flows from operating activities			
Profit before taxation		3,937	200
Depreciation, amortisation and impairment losses		527	1,345
(Profit) on sale of discontinued operations		(3,069)	-
(Profit) on sale of property, plant and equipment		1	(21)
Net changes in working capital	26	(78)	(2,091)
Financial expenses		24	45
Corporation tax paid		(68)	(338)
Net cash (used in) / generated from operations		1,273	(860)
Cash flows from investing activities			
Purchase of subsidiaries net of cash acquired		(1,225)	(94)
Purchase of property, plant and equipment		(411)	(1,216)
Proceeds on disposal of discontinued operations		670	-
Proceeds on disposal of property, plant and equipment		-	31
Net cash used in investing activities		(967)	(1,279)
Cash flows from financing activities			
Payments to reduce lease liabilities		(374)	(445)
Treasury shares acquired		-	-
Financial expenses		-	-
(Decrease)/Increase in borrowings		(31)	5
Dividends paid		(313)	(298)
Net cash used in financing activities		(718)	(738)
Net (decrease)/increase in cash		(412)	(2,877)
Cash and cash equivalents at beginning of period		2,556	5,433
Cash and cash equivalents at end of period	27	2,144	2,556

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

Attributable to owners of parent	Share capital	Capital redemption reserve	Treasury shares	Share premium	Merger reserve	Retained earnings	Total equity
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
At 1 July 2021	794	51	(399)	6,133	2,139	3,660	12,378
Profit for the year	-	-	-	-	-	63	63
Dividends paid	-	-	-	-	-	(298)	(298)
At 30th June 2022	794	51	(399)	6,133	2,139	3,425	12,143
Treasury shares acquired	-	-	(379)	-	-	-	(379)
Profit for the year	-	-	-	-	-	3,700	3,700
Dividends paid	-	-	-	-	-	(313)	(313)
At 30th June 2023	794	51	(778)	6,133	2,139	6,812	15,151

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The following notes form part of the primary financial statements:

1. Accounting policies

Croma Security Solutions Group Plc is a public limited company incorporated and domiciled in England and Wales and is AIM listed.

The address of the registered office is Unit 7&8 Fulcrum 4, Solent Way, Whiteley, Fareham, Hampshire PO15 7FT

The Group financial statements have been prepared under the historical cost convention and approved by the Directors in accordance with UK-adopted international accounting standards.

Going concern

The Group financial statements have been prepared on a going concern basis.

The Group's activities are funded by long-term equity capital and by cash generated from trading.

In considering the ability of the Group to meet its obligations as they fall due, the Board has considered the expected trading and cash requirements of the Group until the end of November 2024.

The Board continues to be positive about the retention of customers and the outlook of its trading operations. Profit and cash flow projections support the Board's view that the Group will meet its obligations as they fall due with the use of cash surpluses from trading.

Changes in accounting policies and disclosures

a) Effective for periods beginning on after 1 July 2022

The following new and amended Standards and Interpretations effective for the financial year beginning 1 July 2022 have been adopted. The adoption of these standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Conceptual Framework for Financial Reporting - Amendments to IFRS 3
- IAS 16 Property, Plant and Equipment - Proceeds before Intended Use Amendments to IAS 37 Provisions,
- Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle
 - IFRS 1 First-time Adoption of International Financial Reporting Standards
 - IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities
 - IFRS 16 Leases

b) Effective for periods beginning on or after 1 July 2023

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The effect on the consolidated financial statements of the Group for these new standards, interpretations and amendments has not yet been assessed.

Basis of consolidation

Where the Company has power over the investee; has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns, the investee is classified as

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries (“the Group”) as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The result of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Segment reporting

The Directors consider there to be two continuing operating segments namely ‘Croma Fire and Security’ which comprises the business of CSS Total Security Limited, Safecell Security Ltd and The Safecell Security Group Limited; and ‘Croma Locksmiths’, which comprises the business of Croma Locksmiths & Security Solutions Limited, Basingstoke Locksmiths Limited, Safeguard (NW) Ltd, Southern Stronghold Limited and Authorized Access Systems Limited. A third operating segment ‘Croma Vigilant’ which comprises the business of Vigilant Security (Scotland) Limited is a discontinued operation following its disposal on 30th June 2023 from the Group.

The operating segments identified above are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors collectively.

Revenue recognition

Revenue is measured at the transaction price of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's performance obligations, as described below.

- Revenue in respect of security personnel services is recognised over the term of the contract or, where sales contracts are on a “cost plus” basis, at the point at which manpower services have been provided.
- Sale of goods is recognised at the point that the goods are delivered to a client on signature of a goods received note or to a customer in one of our retail outlets which is the point that control of over the asset is transferred.
- Installation income is recognised straight line over the period of the installation.
- Maintenance and service fees are recognised when the service has been provided, which is typically within a three month period after the customer has been invoiced. Where the service has not been provided at year end, this leads to contract liabilities which is held under ‘Accruals and contract liabilities’ being part of ‘Trade and other payables’ in the consolidated statement of financial position.
- Monitoring income is recognised over the term of the contract, customers are invoiced in advance for the full contract term leading to contract liabilities which is also held under ‘Accruals and contract liabilities’ being part of ‘Trade and other payables’ in the consolidated statement of financial position.

Cost of sales

Cost of sales are the direct costs relating to customer generated revenue and comprise direct labour payroll costs, other costs associated with direct labour, stock purchases, installation and subcontracted costs all sold on to customers.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(b) Other intangible assets

Intangible assets acquired separately are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful life as follows:

- Customer relationships – 10 years
- Brand royalties – 4 years
- Research & Development – 3 years

(c) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's development activity is recognised only if all of the conditions of IAS 38 are met.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment testing

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included separately in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Property, plant and equipment

Property, plant and equipment are stated at costs less depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset less its estimated residual value evenly over its estimated useful life, as follows;

Freehold property	-	4% on cost
Leasehold property	-	Over the term of the lease
Plant, computer and office equipment	-	Between 10% and 35% on cost
Motor vehicles	-	Between 20% and 35% on cost

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis together with costs in bringing it to its present condition and location. Work in progress and finished goods include attributable overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when interim dividends are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/ (assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Leased assets

A right of use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below £4,500, and those with a duration of 12 months or less. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the consolidated statement of financial position, right-of-use assets have been disclosed separately from property, plant and equipment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the profit or loss within the consolidated statement of comprehensive income.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the profit or loss within the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Fair value is measured by the use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. When share options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Financial assets

Financial assets are trade receivables and other receivables.

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables within trade and other receivables in the Statement of Financial Position are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

Other receivables held within non-current assets in the Statement of Financial Position are held in order to collect the contractual cash flows which are due after 12 months and are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment. The amount of any provision for impairment is recognised in profit or loss.

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Where the Group has transferred trade receivables under invoice discounting arrangements and it retains substantially all the risks and rewards of ownership of the transferred trade receivables, the Group continues to recognise the trade receivables and also recognises a liability for the proceeds received.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at their fair value and subsequently at their amortised cost.

Capital management

The Group manages capital to safeguard its ability to continue as a going concern with the aim of strengthening its capital base to provide returns to shareholders. Excluding credit card and lease liabilities the Group has no short or long-term debt.

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve, and accumulated retained earnings.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business operation.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale under IFRS 5.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

Disposal of subsidiaries

At the date of disposal of a subsidiary all assets and liabilities of the disposed subsidiary are derecognised in the financial statements.

The fair value of consideration is recognised in the financial statements and any resulting gain or loss in profit or loss attributable to the parent.

2. Critical Accounting Estimates and Judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimates and assumptions:

Impairment of goodwill.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cashflows expected to arise from the cash generating unit. In order to derive the present value, the discount rate that has been calculated is 16% (2022: 17%).

The carrying amount of goodwill at the consolidated statement of financial position was £5,042k. Details relating to the allocation of goodwill to cash generating units are given in note 12.

The Directors do not consider there to be any key areas of judgement.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. Segmental reporting	Croma Vigilant (Guarding) £000s	Croma Fire and Security £000s	Croma Locksmiths (Locks) £000s	Central £000s	Total £000s
2023 Business Segments					
Segment revenues	-	3,480	4,696	-	8,176
Gross profit	-	1,683	2,007	-	3,690
Administrative expenses	-	(1,057)	(1,043)	(639)	(2,739)
Amortisation	-	-	(60)	-	(60)
Depreciation	-	(179)	(288)	-	(467)
Other operating income	-	-	3	-	3
Operating profit/(loss) before impairment	-	447	619	(639)	427
Discontinued operations	465	-	-	-	465
Profit/(loss) on disposal	-	-	-	3,069	3,069
Impairment of goodwill	-	-	-	-	-
Operating profit/(loss) before impairment	465	447	619	2,430	3,961
Segment assets	-	2,805	5,554	10,712	19,071
Segment (liabilities)	-	(1,010)	(2,494)	(416)	(3,920)
Segment net assets	-	1,795	3,060	10,296	15,151
Additions to non-current assets	-	202	403	-	605

The difference between the segments revenue and gross profit and the consolidated income revenue and gross profit is due to internal sales between the segments of £151k.

Vigilant is a discontinued operation that was disposed of during the year to 30 June 2023.

2022 Business Segments					
Segment revenues	-	2,579	3,252	-	5,831
Gross profit	-	1,215	1,343	-	2,558
Administrative expenses	-	(637)	(646)	(795)	(2,078)
Amortisation	-	-	(82)	-	(82)
Depreciation	-	(104)	(214)	-	(318)
Other operating income	-	15	41	-	56
Operating profit/(loss) before impairment	-	489	442	(795)	136
Impairment of goodwill	-	(627)	-	-	(627)
Profit/(loss) on disposal	-	9	3	-	12
Discontinued operations	675	-	-	-	675
Operating profit/(loss) before impairment	675	(129)	445	(795)	196
Segment assets	8,421	4,276	5,527	817	19,041
Segment (liabilities)	(4,425)	(826)	(1,598)	(49)	(6,898)
Segment net assets	3,996	3,450	3,929	768	12,143
Additions to non-current assets	-	255	1,100	-	1,355

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. Segmental reporting (continued)

An analysis of revenue by type is shown below:

Revenues from UK sources	2023	2022
	£000s	£000s
Sales of goods and installation services	7,485	5,298
Monitoring maintenance and service fees	592	475
Biometric installation and maintenance fees	-	58
Web shop	99	-
	8,176	5,831

The following is an estimate of future revenues arising from unsatisfied performance obligations based on contract renewal and projected monthly billing:

	2023	2022
	£000s	£000s
To be satisfied in the next financial year	299	216
To be satisfied in subsequent financial years	-	-
	299	216

There were no customers where revenue was greater than 10% of the total (2022: 0).

4. Expenses

	2023	2022
	£000s	£000s
Amount of inventory expensed as cost of sales	3,359	2,373
Lease rentals - low value assets	-	5
Impairment costs	-	627
Depreciation - owned assets	331	239
Depreciation - right of use assets	136	398
Amortisation	60	83
Auditors' remuneration:		
Audit of parent company and consolidated financial information payable to CLA Evelyn Partners Limited	76	53

5. Financial expenses

	2023	2022
	£000s	£000s
Interest on lease liabilities	24	45

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

6. Staff and staff costs

Continuing operations

	2023	2022
	No.	No.
The average monthly number of persons (including Directors) employed by the Group during the period was:		
Management and administration	28	16
Service and product provision	44	41
	<u>72</u>	<u>57</u>

	£000s	£000s
Staff cost (for the above persons):		
Wages and salaries	2,514	2,105
Pension	50	52
Social security costs	250	218
	<u>2,814</u>	<u>2,375</u>

Discontinued operations

	2023	2022
	No.	No.
The average monthly number of persons (including Directors) for Vigilant for the period was:		
Management and administration	41	32
Service and product provision	957	927
	<u>998</u>	<u>959</u>

	£000s	£000s
Staff cost (for the above persons):		
Wages and salaries	27,828	23,438
Pension	536	433
Social security costs	2,767	2,234
	<u>31,131</u>	<u>26,105</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

7. Directors' and key management personnel remuneration

2023	Salary and bonus £000s	Estimated value of benefits £000s	Pension £000s	Total £000s
S J F Morley	77	4	2	83
R M Fiorentino	250	4	-	254
P Williamson	75	1	1	77
R A Juett	55	2	11	68
A N Hewson	25	3	-	28
C McMicking	25	-	-	25
T Andreeva	47	1	1	49
J Haigh	13	-	-	13
S Naylor	4	-	-	4
	571	15	15	601

No share options were issued to directors during the year and no shares were exercised in the period.

2022	Salary and bonus £000s	Estimated value of benefits £000s	Pension £000s	Total £000s
S J F Morley	186	7	4	197
R M Fiorentino	241	4	-	245
P Williamson	180	4	1	185
R A Juett	73	2	14	89
A N Hewson	30	2	-	32
C McMicking	30	-	-	30
	740	19	19	778

Key management personnel compensation

Key management personnel compensation payable to the Directors including employers National Insurance, comprises short-term employee benefits which total £649k (2022: £855k) and long-term employee benefits which total £15k (2022: £19k).

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

8. Taxation	2023	2022
	£000s	£000s
Analysis of the tax charge in the year		
Current year tax charge		
UK corporation tax charge on profit for the year	200	123
Adjustments for prior periods	-	(11)
Total current tax	<u>200</u>	<u>112</u>
Deferred tax		
Current year	37	25
Adjustments for prior periods	-	-
Total deferred tax	<u>37</u>	<u>25</u>
Tax on profit on ordinary activities	<u>237</u>	<u>137</u>

Factors which may affect future tax charges

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 25% (2022: 19%).
The difference is explained below:

Factors affecting the tax charge for the year

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

The fully anticipated effect of these changes is reflected in the above deferred tax balances.

	2023	2022
	£000s	£000s
Profit before taxation	3,472	200
Profit multiplied by the standard rate of corporation tax of 25% (2022: 19%)	868	38
Effects of:		
Expenses not deductible for tax purposes	136	110
Non-taxable gain on disposal of subsidiary	(767)	-
Adjustment to tax charge for previous periods	-	(11)
Total tax charge for the year	<u>237</u>	<u>137</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders, from continuing operations, divided by the weighted average number of shares in issue during the year, calculated on a daily basis.

The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares and the post-tax effect of dividends and interest on the assumed conversion of all other dilutive options and other potential ordinary shares.

Continued and discontinued operations	2023	2022
	£000s	£000s
Numerator		
Earnings for the year on continuing operations and used in basic and diluted EPS	3,700	63
Denominator		
Weighted average number of shares used in basic and diluted EPS (000s)*	14,902	14,902
	Pence	Pence
Basic and diluted earnings / (loss) per share	24.8	0.4
Continued operations	2023	2022
	£000s	£000s
Numerator		
Earnings for the year on continuing operations and used in basic and diluted EPS	3,235	(612)
Denominator		
Weighted average number of shares used in basic and diluted EPS (000s)*	14,902	14,902
	Pence	Pence
Basic and diluted earnings / (loss) per share	21.7	(4.1)
Discontinued operations	2023	2022
	£000s	£000s
Numerator		
Earnings for the year on discontinuing operations and used in basic and diluted EPS	465	675
Denominator		
Weighted average number of shares used in basic and diluted EPS (000s)*	14,902	14,902
	Pence	Pence
Basic and diluted earnings / (loss) per share	3.1	4.5

* Share options have an average exercise price of £0.9 and are not dilutive at 30 June 2023.

EPS for earnings for the year on continuing operations (excluding the profit on disposal of discontinued operations) and used in basic and diluted EPS 1.11p.

The earnings per share figure stated excludes the profit from disposal of discontinued operations of £3,069k which contributed 20.6p to the earnings per share figure for the year on continuing operations of 21.7p.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

10. Dividends

A final dividend for the year ended 30 June 2022 was declared on 11 November 2022 and paid on 16 December 2022 at a cost of £0.31m. Subject to approval at the AGM, the Board recommends a final dividend of 2.2p per share for the year ended 30 June 2023.

11. Business combinations (acquisitions)

As part of the groups continuing strategy to expand the network of security centres, on 5th July 2022 purchased a business comprising 100% of the share capital of Southern Stronghold Ltd, a business trading out of two locksmiths' branches in Coventry and Totton, Southampton, along with an e-commerce business.

The fair value of net assets acquired is set out below:	£000s
Purchase consideration (satisfied entirely by cash)	969
Less: The fair value of assets acquired	
Property, plant and equipment	470
Inventories	64
Trade and other receivables	95
Cash and cash equivalents	116
Add: the fair value of liabilities	
Trade and other payables	(46)
Goodwill	270
	<hr/>
	-

Transaction costs of 23k relating to the acquisition of Southern Stronghold Limited have been recognised as an expense and included within administrative expenses in the statement of profit or loss.

If the acquisition of Southern Stronghold Limited had been completed on the first day of the financial year, Group revenues for the period would have been 8,025k and Group profit attributable to equity holders of the parent would have been 3,700k. Southern Stronghold Limited contributed 607k to the Group's revenue and 197k to the Group's profit before tax for the period from the date of acquisition to the year-end date.

The amounts recognised at acquisition date in respect of property, plant and equipment acquired include fair value adjustments of £337k to recognise the uplift to market value. Furthermore, the amounts recognised at acquisition date in respect of inventories acquired include a negative fair value adjustments of £274k to recognise inventories at the lower of cost and net realisable value. All other book amounts are considered to approximate their fair values.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

In addition to the above acquisition, the group acquired Manchester based Safecell Security Group Limited and its two 100% owned subsidiaries on 19th December 2022, trading out of a retail shop and office space in Bury, North Manchester.

The fair value of net assets acquired is set out below:	£000s
Purchase consideration (satisfied entirely by cash)	712
Less: The fair value of assets acquired	
Property, plant and equipment	45
Inventories	48
Trade and other receivables	169
Cash and cash equivalents	340
Add: the fair value of liabilities	
Trade and other payables	(231)
Goodwill	341
	<hr style="width: 100%; border: 0.5px solid black; margin-top: 5px;"/> -

Transaction costs of 30k relating to the acquisition of Safecell Security Group Limited have been recognised as an expense and included within administrative expenses in the statement of profit or loss.

If the acquisition of Safecell Security Group Limited had been completed on the first day of the financial year, Group revenues for the period would have been 8,505k and Group profit attributable to equity holders of the parent would have been 3,748k. Safecell Security Group Limited contributed 499k to the Group's revenue and 83k to the Group's profit before tax for the period from the date of acquisition to the year-end date.

The amounts recognised at acquisition date in respect of property, plant and equipment acquired include a negative fair value adjustments of £16k to recognise the write down of plant and equipment. All other book amounts are considered to approximate their fair values.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

12. Goodwill

Cost	£000s	
At 1 July 2022		7,311
Additions		611
Disposal		(1,396)
At 30 June 2023		<u>6,526</u>
Accumulated impairment losses		
At 1 July 2022		(1,484)
Arising in the year		-
Disposal		-
at 30 June 2023		<u>(1,484)</u>
Net book value		
At 1 July 2022		5,827
At 30 June 2023		5,042
Impairment testing	2023	2022
	£000s	£000s
The carrying value of goodwill by each CGU is as follows:		
Croma Fire and Security	2,620	2,279
Croma Locksmith	2,422	2,152
Croma Vigilant	-	1,396
	<u>5,042</u>	<u>5,827</u>

12. Goodwill (continued)

Forecasts, growth and discount rates

The recoverable amount relating to Croma Fire and Security and Croma Locksmiths was determined based on value-in-use calculations, covering a detailed forecast for the five-year period to 30 June 2028, followed by extrapolation of expected cashflows for the remaining useful lives using a 2% growth rate. Forecasts are based on management's best estimate of future growth based on combination of their past experience and knowledge of the business. The present value for the expected cashflows was determined using a pre-tax discount rate of 16% (2022: 17%) which is based on a number of factors including the risk-free rates in the UK (using the yield from 20 year British Government Securities, with a nominal zero coupon, as at 30 June 2023), the Group's estimated market risk premium, the anticipated future rates of corporation tax and a premium to reflect the size of the Group and the current uncertain economic environment.

Cashflow assumptions

Croma Fire and Security

As noted above for the year ended 30 June 2023 we have retained all our major customers, whilst also gaining new work during this period. We achieved our revenue growth forecasts for the 2023 and have forecast 5% increase in turnover for the year ending 30 June 2024.

For the period from 1 July 2024 to 30 June 2028 the following assumptions have been made:

- Revenue growth of 4.25% (2022: 4.25%)
- Direct cost growth of 3.69% (2022: 3.69%)
- Overheads growth of 3.30% (2022: 3.26%)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

For the year ended 30 June 2028 onwards, revenues less costs are assumed to increase by 2% per annum.

The net present value of future cashflows is £4,370k which when compared to the carrying value of goodwill and net assets has resulted in an impairment loss of £0k (2022: 627k).

Croma Locksmiths

During the year to 30 June 2023 sales increased by 44% due to acquisition and organic growth. For the year ended 30 June 2024 we continue to forecast positive growth of 2% in sales from our existing locksmith businesses and from iLOQ for which we continue to receive strong customer interest.

For the period from 1 July 2024 to 30 June 2028 the following assumptions have been made:

- Revenue growth of 4.25% (2022: 4.25%)
- Direct cost growth of 3.69% (2022: 3.69%)
- Indirect costs growth of 2.99% (2022: 3.07%)

For the year ended 30 June 2028 onwards, revenues less costs are assumed to increase by 2% per annum.

Based on these assumptions the net present value of future cashflows is £1,613k more than the carrying value of goodwill and net assets has resulted in an impairment loss of £0k (2022: 0k)

Sensitivities

The discount rate which decreased by 1% point from 17% in 2022 to 16% in 2023, this is determined by a reduction in business risks.

The Directors have applied sensitivity analysis to future cashflows to estimate the likelihood of future impairment.

The cashflow forecasts for Croma Locksmiths and Croma Fire and Security are sensitive to changes in the discount rate and to long term revenue growth. For example, for each 0.1% increase in the discount rate, the value of future cashflows reduces by approximately £30K and for each 0.1% decrease in the long-term revenue growth rate the value of future cashflows reduces by approximately £20k.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

13. Other intangible assets

	R&D	Customer	Brands	Software	Brand	Total
	£000s	relationships	£000s	licences	royalties	£000s
		£000s	£000s	£000s	£000s	£000s
Cost						
At 30 June 2021	86	1,727	295	224	31	2,363
Additions	-	-	-	-	-	-
At 30 June 2022	86	1,727	295	224	31	2,363
Additions	-	-	-	-	-	-
At 30 June 2023	86	1,727	295	224	31	2,363
Amortisation						
At 30 June 2021	86	1,463	271	222	31	2,073
Charge for the year	-	59	24	-	-	83
At 30 June 2022	86	1,522	295	222	31	2,156
Charge for the year	-	60	-	-	-	60
At 30 June 2023	86	1,582	295	222	31	2,216
Net book value						
At 1 July 2022	-	205	-	2	-	207
At 30 June 2023	-	145	-	2	-	147

The amortisation expense of £60k (2022: £83k) has been categorised as an administrative expense in the consolidated statement of comprehensive income. At the year end the Directors reviewed intangible assets for impairment.

Customer relationships

Customer relationships extant at the date of acquisition were considered. A forecast was prepared of future gross revenues from the relationships after giving due consideration to historic attrition rates. A discount rate of 16% (2022: 17.0%) was then applied to give the present value of these future cashflows. Customer relationships relate to Cromax Locksmith.

No impairment adjustment has been found to be necessary against the carrying value of customer relationships acquired with the business of Cromax Locksmiths & Security Solutions Limited. The useful lives as noted in the accounting policies were considered appropriate. Customer relationships with a net book value of £145k have a remaining life of less than 3.5 years.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

14. Property, plant and equipment

	Property	Plant and office equipment	Motor vehicles	Total
	£000s	£000s	£000s	£000s
Cost				
At 30 June 2021	315	994	368	1,677
Additions	810	181	248	1,239
Disposals	-	(6)	(49)	(55)
At 30 June 2022	1,125	1,169	567	2,861
Additions	153	155	103	411
Additions from acquisitions	420	44	51	515
Disposals	(80)	(556)	(216)	(852)
At 30 June 2023	<u>1,618</u>	<u>812</u>	<u>505</u>	<u>2,935</u>
Depreciation				
At 30 June 2021	137	761	291	1,189
Charge for the year	22	154	63	239
On disposal	-	(2)	(42)	(44)
At 30 June 2022	159	913	312	1,384
Charge for the year	99	131	101	331
On disposal	(47)	(499)	(184)	(730)
At 30 June 2023	<u>211</u>	<u>545</u>	<u>229</u>	<u>985</u>
Net book value				
At 1 July 2022	966	256	255	1,477
At 30 June 2023	<u>1,407</u>	<u>267</u>	<u>276</u>	<u>1,950</u>

15. Right of use assets

	Property	Motor vehicles	Total
	£000s	£000s	£000s
Cost			
At 30 June 2021	1,349	282	1,631
Additions	441	80	521
Disposals	(184)	(10)	(194)
At 30 June 2022	1,606	352	1,958
Additions	-	-	-
Disposals	(586)	(255)	(841)
At 30 June 2023	<u>1,020</u>	<u>97</u>	<u>1,117</u>
Depreciation			
At 30 June 2021	540	94	634
Charge for the year	302	96	398
On disposal	(184)	(10)	(194)
At 30 June 2022	658	180	838
Charge for the year	127	9	136
On disposal	(397)	(116)	(513)
At 30 June 2023	<u>388</u>	<u>73</u>	<u>461</u>
Net book value			
At 1 July 2022	948	172	1,120
At 30 June 2023	<u>632</u>	<u>24</u>	<u>656</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

16. Inventories	2023	2022
	£000s	£000s
Raw materials and consumables	947	862
Work in progress	159	214
	1,106	1,076
17. Trade and other receivables	2023	2022
	£000s	£000s
Trade receivables	1,139	6,328
Allowance for bad debts	-	(107)
Net trade receivables	1,139	6,221
Other receivables	2,307	259
Prepayments	105	298
	3,551	6,778
Total trade and other receivables due after 1 year	3,122	-

Owing to the short-term nature of the trade receivables, their fair value is the same as the book value. A provision for impairment of trade receivables is established using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default. There was no provision for impairment of trade receivables at 30 June 2023 (2022: £107k).

In the view of the Board the level of credit risk remains low, due to a wide mix of clients in different trade sectors. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above. The increase in other receivables relates to the divestment of the Vigilant business. The Group has taken measures to mitigate any potential loss with appropriate legal contracts at the time of disposal. This includes a board representative, step-in rights in an event of any single payment date being missed. Monthly management information for the Vigilant business is reviewed by the Board on a monthly basis.

Age profile	2023	2022
	£000s	£000s
Debts past due but not paid		
Under 60 days	295	412
60-90 days	117	640
Over 90 days	87	205
	499	1,257
Debtor days	43	54

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

18. Categories of financial assets	2023	2022
	£000s	£000s
Loans and receivables		
Trade and other receivables	3,446	6,480
Cash at bank and in hand	2,144	2,556
	5,590	9,036
19. Trade and other payables	2023	2022
	£000s	£000s
Trade payables	621	815
Other payables	-	174
	621	989
Other taxes and social security	222	2,015
Corporation tax liability	228	40
Accruals and contract liabilities	683	2,565
Total trade and other payables, excluding borrowings and lease liabilities	1,754	5,609
Interest bearing borrowings and lease liabilities due within 1 year	2023	2022
	£000s	£000s
Lease liabilities (due in less than 1 year)	114	345
Credit card liabilities	-	31
	114	376
Lease liabilities due after 1 year	545	796

Lease liabilities are secured against the assets to which they relate.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

20. Leases

The Group has lease contracts for property, vehicles and other assets which have lease terms varying between 1 and 10 years. The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value; these leases have been expensed in accordance with the practical expedients permitted under IFRS 16.

Contracts may contain both lease and non-lease components. The Group allocates consideration between lease and non-lease components based on the price a lessor, or similar supplier, would charge to purchase that component separately.

The lease term begins at the commencement date and includes any rent-free periods provided by the lessor. Lease terms vary between contracts and depend on the individual facts and circumstances of the contract.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 30 June 2023. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average rate applied was 3.5% (2022: 3.5%).

Leases	2023	2022
	£000s	£000s
Minimum lease payments fall due as follows:		
Gross obligation repayable		
Within 1 year	134	373
Between 1 and 5 years	533	746
Over 5 years	61	124
Net obligations repayable:		
Within 1 year	114	345
Between 1 and 5 years	486	677
Over 5 years	59	119
Amounts recognised in the consolidated statement of comprehensive income:		
Interest on lease liabilities	24	45
Amounts recognised in the consolidated statement of cash flows:		
Payments to reduce lease liabilities	374	445

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

21. Interest rate and liquidity risk

2023	Weighted average effective interest rate %	Less than 1 month or on demand £000s	1-12 months £000s	After 1 year £000s	Total £000s
Fixed rate					
Trade and other payables		103	60	-	163
Lease obligations	3.5%	-	134	594	728
Accruals		-	384	-	384
Total		103	578	594	1,275
2022					
2022	Weighted average effective interest rate %	Less than 1 month or on demand £000s	1-12 months £000s	After 1 year £000s	Total £000s
Fixed rate					
Trade and other payables		815	174	-	989
Lease obligations	3.5%	-	345	796	1,141
Accruals		1,648	917	-	2,565
Floating rate					
Credit card liabilities	2.8%	-	31	-	31
Total		2,463	1,467	796	4,726

Interest rate risk

This is not a material risk since the group is ungeared. Currently surplus cash is invested in quick access interest bearing accounts to take advantage of the favourable interest rates and improve the cash position until it is required for future acquisitions.

Liquidity risk

The Group has sufficient liquid resources to meet the operating needs of the business as per its current forecasts. As we progress with our acquisition strategy, a need for debt finance may arise. The Group monitors liquidity ratios on a monthly basis.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

22. Deferred tax	2023	2022
	£000s	£000s
The movement on the deferred tax account is shown below:		
At 1 July	117	92
Charged to the statement of comprehensive income	37	25
At 30 June	154	117

The deferred tax provision at 30 June comprises the following temporary differences:

Capital allowance in advance of depreciation	125	95
Arising on fair value adjustments recognised on business combinations	47	36
Other short term temporary differences	(18)	(14)
	154	117

At 30 June 2023 deferred tax has been provided at a rate of 25% (2022: 19%)

The Group has tax losses of approximately £1.8m (2022: £1.8m) to carry forward which could not be utilised against trading profits. The potential deferred tax asset arising on these tax losses of £450k (2022: £450k) has not been recognised as it is doubtful that it will be utilised in the foreseeable future.

23. Share capital	2023	2022
	£000s	£000s
Authorised, allotted, called up and fully paid:		
Other ordinary shares of 5 pence each	794	794
	Number	Number
	000s	000s
Issued and fully paid		
Ordinary shares of 5 pence each at the start and end of the year	15,899	15,899

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

23. Share capital (continued)

The Group operates the CSSG Share Option Scheme 2014 (the Scheme), which is a share option scheme approved by HMRC.

The Board keep the scheme under review, and consider new options to motivate, retain and recruit high calibre employees and with regard to the contribution that such employees are expected to make in achieving the Group's objectives.

Details of share options outstanding during the year for the Group's share option scheme are as follows:

	Number of share options	Weighted average exercise price (£)
Options outstanding 30 June 2022	108,680	0.9
Options lapsed during the year	<u>(68,180)</u>	<u>(0.9)</u>
Options outstanding at 30 June 2023	40,500	0.9
	Number of share options	Weighted average exercise price (£)
Options outstanding 30 June 2021	-	-
Granted during the year	<u>108,680</u>	<u>0.9</u>
Options outstanding at 30 June 2022	108,680	0.9

Share options exercisable at the end of the year were:

	Number of share options	Weighted average exercise price (£)
Options exercisable at 1 July 2021	-	-
Options exercisable at 30 June 2022	-	-
Options exercisable at 30 June 2023	-	-

The share options outstanding at 30 June 2023 had a weighted average remaining contractual life of 3.3 years (2022: 4.3 years)

There were no share options exercised during the year (2022: none).

There has been no charge recognised in the Statement of Comprehensive Income in respect of share options on the grounds of materiality.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share Premium	Amount subscribed for share capital in excess of nominal value less related professional and regulatory fees.
Merger Reserve	The merger reserve arose on the acquisition of the CSS Group to the extent that this was funded by the issue of new shares.
Retained Earnings	Cumulative net gains and losses recognised in the statement of comprehensive income less amounts distributed to shareholders.
Capital Redemption Reserve	The capital redemption reserve arose on the purchase and cancellation of own shares.
Ordinary Shares	Amount subscribed for share capital at nominal value.
Treasury Shares Reserve	Arose on the purchase of own shares

25. Related party transactions

Identity of related parties

The Parent Company has a controlling related party relationship with its subsidiary companies. The Group has a related party relationship with its directors, executive officers, pension funds and trusts, who with their immediate relatives control 29% of the voting shares.

Rental of Premises

R M Fiorentino and his family are beneficiaries of the County Access Systems Limited Retirement Benefits Scheme from which the Group leases trading and ex-trading premises. The total rental on these premises was £86k (2022: £103k) and in respect of these leases, £248k (2022: £305k) is included in lease liabilities on 30 June 2023.

Salaries paid to close family members

During the year salaries totalling £74k (2022: £96k) were paid to close family members of key management personnel.

Other services

Up to the point of resignation (6 December 2022), a director exercised a certain level of managerial control over a supplier to the group from which it has received cleaning services totalling £10k (2022: 21k) and other services of cleaning and stewarding which were recharged to customers of £6k (2022: 58k). As the business was sold on 30 June 2023, no balance was due from the remaining Group to the supplier (2022: £10k). The director has no financial interest in the business although a family member is a part-time employee.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

26. Notes supporting the cash flow statement	2023	2022
	£000s	£000s
Net changes in working capital		
(Increase)/decrease in inventories	98	(259)
Increase in trade and other receivables	(2,260)	(1,633)
Increase/(Decrease) in trade and other payables	2,084	(199)
	<u>(78)</u>	<u>(2,091)</u>

27. Cash and cash equivalents	2023	2022
	£000s	£000s
Cash at bank and in hand	2,144	2,556

28. Reconciliation of liabilities arising from financing activities

	Lease liabilities	Credit card liabilities	Total
At 30 June 2021	1,021	26	1,047
New lease liabilities	520	-	520
Cash flows	(400)	5	(395)
	<u>1,141</u>	<u>31</u>	<u>1,172</u>
At 1 July 2022			
New lease liabilities			
Lease liability disposals	(132)	-	(132)
Cash flows	(350)	(31)	(381)
	<u>659</u>	<u>-</u>	<u>659</u>
At 30 June 2023			

29. Contingent liabilities

There are no contingent liabilities either at the year-end or up to the date of signing the financial statements.

30. Subsidiary audit exemption

The wholly owned subsidiaries of Croma Security Solutions Group Plc: CSS Total Security Limited, CSS Locksmiths Limited, Croma Locksmiths and Security Solutions Limited, Safeguard (N/W) Limited, Basingstoke Locksmiths Limited, Southern Stronghold Limited and The Safecell Security Group Limited and its subsidiaries Safecell Security Limited and Authorized Access Systems Limited are exempt from the requirements of Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

31. Discontinued operations

Vigilant Security (Scotland) Limited, a wholly owned subsidiary, was discontinued with effect from 30 June 2023. The result of these discontinued activities were as follows:

	2023	2022
	£000s	£000s
Profit/(loss) on disposal of discontinued operations	3,069	-
Profit/(loss) after taxation	3,069	-

The results from the discontinued operation of the group for the year ended 30th June 2023 have been re-presented, as required by IFRS 5, so that the disclosures relate to all operations that been discontinued by 30th June 2023 for all periods presented.

During the year the discontinued operation paid £188k (2022: £1,435) to the group's net operating cash flows, received £nil (2022: £nil) in respect of investing activities and paid £ (1,183k 2022: £694k) in respect of financing activities.

Goodwill of £1,396k in relation to discontinued operations was written off in the year to 30th June 2023.

	2023	2022
	£000s	£000s
Revenue	34,802	29,334
Cost of sales	(30,432)	(25,496)
Gross profit	4,370	3,838
Administrative expenses	(3,915)	(3,144)
Other operating income	10	30
Operating profit	465	724
Taxation	-	(49)
Profit after tax	465	675
Earnings per share		
Basic and diluted earnings per share (pence) from discontinuing operations	3.1	4.5

32. Post balance sheet events

On 3 August 2023, Croma Security Solutions Group, pursuant to the authority approved by shareholders at the Company's Annual General Meeting held on 6 December 2022, the Company purchased 400,000 of its own ordinary shares of 5 pence each at a price of 45 pence per share.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2023**



Opinion

We have audited the financial statements of Croma Security Solutions Group Plc (the ‘parent company’) for the year ended 30 June 2023 which comprise statement of financial position, the statement of cash flows, the statement of changes in equity and the parent company notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the parent company’s affairs as at 30 June 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial period ending 30 November 2024;
- Considering historical trading performance;
- Comparing the forecast results to those actually achieved in the 2024 financial period so far;
- Reviewing bank statements to monitor the cash position of the parent entity post year end, and obtaining an understanding of any significant expected cash outflows in the forthcoming 12-month period;

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC FOR THE YEAR ENDED 30 JUNE 2023

Other information

The other information comprises the information included in Report and Financial Statements, other than the group and parent company financial statements and our auditor's reports thereon. The directors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the parent company 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 parent company financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the parent company 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 directors' responsibilities statement set out on page 26 the directors are responsible for the preparation of the parent company 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2023**

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

We obtained a general understanding of the parent company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the parent company's industry and regulation.

We understand that the company complies with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the parent company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the parent company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the parent company's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements via fraudulent journal entries.

The procedures we carried out to gain evidence in the above areas included:

- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and journals outside the normal scope of the client business.

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

Other matter

We have reported separately on the group financial statements of Croma Security Solutions Group Plc for the year ended 30 June 2023. This separate auditor's report on the group financial statements includes the key audit matters and other audit planning and scoping matters that relate to the parent company audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROMA SECURITY SOLUTIONS GROUP PLC
FOR THE YEAR ENDED 30 JUNE 2023**

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Carl Deane

Carl Deane (Nov 6, 2023 18:36 GMT)

Carl Deane
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
4th Floor Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 6 November 2023

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £000s	2022 £000s
Assets			
Non-current assets			
Investment	E	6,940	8,337
Trade and other receivables	F	3,122	-
		<u>10,062</u>	<u>8,337</u>
Current assets			
Trade and other receivables	F	3,204	1,180
Cash and cash equivalents		2,068	3
		<u>5,272</u>	<u>1,183</u>
Total assets		<u>15,334</u>	<u>9,520</u>
Liabilities			
Current liabilities			
Trade and other payables	G	(649)	(417)
		<u>(649)</u>	<u>(417)</u>
Net assets		<u>14,685</u>	<u>9,103</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	H	794	794
Treasury shares	J	(778)	(399)
Share premium		6,133	6,133
Merger reserves		2,139	2,139
Capital redemption reserve		51	51
Retained earnings		6,346	385
Total equity		<u>14,685</u>	<u>9,103</u>

Company profit for the year totalled £6,276k (2022: loss £570k).

The financial statements were approved by and authorised for issue by the Board of Directors on 6 November 2023 and signed on their behalf by

Roberto Fiorentino
Roberto Fiorentino (Nov 6, 2023 18:34 GMT)

Roberto Fiorentino
Director
Croma Security Solutions Group PLC - Company no. 03184978

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	£000s	£000s
Cash flows from operating activities		
Profit before taxation	6,275	(570)
Net changes in working capital	536	691
(Profit) on sale of subsidiaries	(5,102)	
Impairment losses	-	161
Net cash (used in) / generated from operations	1,709	282
Cash flows from investing activities		
Proceeds on disposal of subsidiaries	670	-
Net cash used in investing activities	670	-
Cash flows from financing activities		
Treasury shares acquired	-	
Dividends paid	(314)	(298)
Net cash used in financing activities	(314)	(298)
Net (decrease)/increase in cash	2,065	(16)
Cash and cash equivalents at beginning of period	3	19
Cash and cash equivalents at end of period	2,068	3

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Attributable to owners of parent	Share capital	Capital redemption reserve	Treasury shares	Share premium	Merger reserve	Retained earnings	Total equity
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
At 1 July 2021	794	51	(399)	6,133	2,139	1,254	9,972
Profit for the year	-	-	-	-	-	(570)	(570)
Dividends paid	-	-	-	-	-	(298)	(298)
At 30th June 2022	794	51	(399)	6,133	2,139	385	9,103
Treasury shares acquired	-	-	(379)	-	-	-	(379)
Profit for the year	-	-	-	-	-	6,275	6,275
Dividends paid	-	-	-	-	-	(314)	(314)
At 30th June 2023	794	51	(778)	6,133	2,139	6,346	14,685

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

A. Significant accounting policies

Croma Security Solutions Group Plc is a public limited company incorporated and domiciled in England and Wales and is AIM listed.

The address of the registered office is Unit 7&8 Fulcrum 4, Solent Way, Whiteley, Fareham, Hampshire PO15 7FT.

Basis of accounting

The separate financial statements of the Company have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Going Concern

These financial statements have been drawn up on the going concern basis.

The Company made an operating profit for the year of £6,275k (2022: loss £570k). Dividends of £1,800k were received from its subsidiary undertakings (2022: £Nil).

The Company's activities are funded by long term equity capital and by profits and cash generated from the activity of a holding company.

The financial statements do not reflect the adjustments that would be necessary were the performance of the Company to deteriorate. However, the Directors have considered expected cash requirements of the Company until 30 November 2024 and these projections suggest that the Company will meet its obligations as they fall due at least until this date.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Financial liabilities and equity

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

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument they are classified as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity are debited direct to equity.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

A. Significant accounting policies (continued)

Taxes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

B. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions 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 amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions:

Impairment of investments in subsidiaries

Primarily driven by an increase in the discount rate applied to future cashflows, an impairment adjustment of £0k (2022:£161k) against fixed assets investments has been recorded. At the year end the carrying value of investments totalled £6,940k (2022: £8,337k).

The directors do not consider there to be any key areas of judgement.

C. Profit attributable to ordinary shareholders

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The profit dealt within the financial statements of the Company was £6,275k (2022: loss £570k).

D. Staff and staff costs

The average monthly number of persons (including Directors) employed by the company during the period was:	2023	2022
	No.	No.
Management and administration	5	6
Staff cost (for the above persons):	£000s	£000s
Wages and salaries	449	559
Pension	12	18
Social security costs	59	73
Estimated value of benefits	14	15
	534	665

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

E. Fixed asset investments

Cost	£000s
At 1 July 2022	9,059
Additions	-
Disposal	(1,397)
At 30 June 2023	<u>7,662</u>
Accumulated impairment losses	
At 1 July 2022	(722)
Arising in the year	-
Disposal	-
at 30 June 2023	<u>(722)</u>
Net book value	
At 1 July 2022	8,337
At 30 June 2023	6,940

The principal fixed asset investments are as follows:

Company	% Ordinary sharehold	Nature of business
CSS Total Security Limited	100% directly	CCTV and security systems
Croma Locksmiths & Security Solutions Limited	100% directly	Locksmithing, Keys and Safes
Safeguard (N/W) Limited	100% indirectly	Locksmithing, Keys and Safes
Basingstoke Locksmiths Limited	100% indirectly	Locksmithing, Keys and Safes
CSS Locksmiths Limited	55% directly 45% indirectly	Dormant
Centre Security Limited	100% indirectly	Dormant
Access Key and Lock Limited	100% indirectly	Dormant
The Safecell Security Group Ltd	100% indirectly	Holding company
Southern Stronghold Ltd	100% indirectly	Locksmithing, Keys and Safes
Safecell Security Ltd	100% indirectly	CCTV and security systems
Authorized Access Systems Ltd	100% indirectly	Locksmithing, Keys and Safes

The registered office of all group companies is Units 7/8 Fulcrum 4, Fareham, Whiteley PO15 7FT.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

F. Debtors	2023	2022
	£000s	£000s
Amounts due from subsidiary undertakings, repayable on demand	887	1,163
Other debtors	5,426	-
Prepayments	13	17
	6,326	1,180
Other debtors due after 1 year	3,122	-
G. Creditors	2023	2022
	£000s	£000s
Amounts due to subsidiary undertakings, repayable on demand	512	369
Trade creditors	30	5
Other creditors	107	19
Other taxes and social security	-	24
	649	417
H. Share capital	2023	2022
	£000s	£000s
Authorised, allotted, called up and fully paid:		
Other ordinary shares of 5 pence each	794	794
	Number	Number
	000s	000s
Issued and fully paid		
Ordinary shares of 5 pence each at the start and end of the year	15,899	15,899

Rights attaching to shares

The holders of the ordinary shares of 5 pence each are entitled to receive dividends and a return of capital on liquidation as well as attend and vote at a general meeting of the Company.

Share option scheme

In 2014 the Group instigated an Approved Company Share Option Scheme. Details are in Note 23 of the consolidated accounts.

Parent company has taken advantage of the disclosure exemptions under FRS102.1.12 relating to share based payments. No additional disclosure required in these financial statements on grounds of materiality.

Full details of the Group's share option scheme are in Note 23 of the consolidated financial statements.

I. Related party transactions

Identity of related parties

The Parent Company has a controlling related party relationship with its subsidiary companies. The Group has a related party relationship with its directors, executive officers, pension funds and trusts, who with their immediate relatives' control 29% of the voting shares.

Full details of compensation to Key Management Personnel of the parent company are included in note 7 to the financial statements of the Group.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

J. Notes supporting the cash flow statement	2023	2022
	£000s	£000s
Net changes in working capital		
Decrease/(increase) in trade and other receivables	304	531
Increase/(decrease) in trade and other payables	<u>232</u>	<u>160</u>
	536	691

K. Post balance sheet events

On 3 August 2023, Croma Security Solutions Group, pursuant to the authority approved by shareholders at the Company's Annual General Meeting held on 6 December 2022, the Company purchased 400,000 of its own ordinary shares of 5 pence each at a price of 45 pence per share.