

ID Systems UK Limited

Annual report and financial statements
for the year ended 31 March 2022

Registered number SC230161



ID Systems UK Limited

Annual report and financial statements for the year ended 31 March 2022

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ID Systems UK Limited

Company information

Directors	I Doherty A R Findlay J M Hobson C Keen A H P Loosveld
Company secretary	I Evans
Registered office	Unit 1 Axis Park Orchardton Road Cumbernauld Glasgow Scotland G68 9LB
Registered number	SC230161
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

ID Systems UK Limited

Strategic report for the year ended 31 March 2022

The directors present their strategic report together with the audited financial statements of the Company for the year ended 31 March 2022.

Principal activities

The principal activity of the Company continued to be that of providing specialist engineering, fabrication and modular assembly services.

Review of the business

The business has achieved results in line with management expectations, delivering projects and services to our clients in the water, oil and commercial sectors. We continue to build on the strong reputation achieved in our key markets and to establish relationships with new clients.

Company turnover for the year was £16,391,000 (2021: £8,941,000) and operating loss was £429,000 (2021 operating profit: £74,000).

The net assets at 31 March 2022 were £1,623,000 (2021: £2,059,000).

The health and safety policy and operational arrangements of ID Systems UK Limited have remained fully enforced throughout the year. The Company continues to be focused on continual improvement and has identified key objectives to meet in the forthcoming year, which include further developing a behavioural safety leadership improvement programme and improving our service avoidance system.

Future developments

We expect the volume of works from secured frameworks to continue contributing to the next financial period and to increase significantly over the framework period. The success in the awards is largely the result of the combination of resources and expertise that was envisaged when ID Systems UK Limited was acquired by M Group Utilities Limited. It is anticipated that this success in the water industry can be a template for other sectors that require our specialist competencies, and we will be able to build off the back of our existing client relationships and attract new clients.

The business has continued to develop staff and increase the number of apprentices to facilitate the expected growth over the next few years.

We remain focused on the quality of our service and maintaining agility in delivering works which align to our core competencies. We expect our approach to working with clients in a collaborative way to help deliver further growth opportunities whilst ensuring we maintain our ethos which has safety, service delivery and customers at the heart of our business.

ID Systems UK Limited is fully committed to the wellbeing of our colleagues which continues to be a high priority.

Key performance indicators (KPIs)

The Board monitors progress on the overall Company strategy and trading performance by reference to KPIs, the principal measures being turnover, EBITDA (earnings before interest, tax, depreciation and amortisation), operating profit, Group order book, cash flow and accident frequency rate. Group performance against these can be found in the consolidated financial statements of M Group Services Limited.

Principal risks and uncertainties

Economic conditions

Economic conditions impact our clients and our contracts. In addition, these clients rely on borrowing in the financial markets to finance their operations. There is a risk that clients will seek to reduce expenditure or extend payment terms in order to manage their cash resources. The Company engages in regular dialogue with our clients to continually assess these risks and inform us of any risks around the level of our supply.

ID Systems UK Limited

Strategic report

for the year ended 31 March 2022 (continued)

Principal risks and uncertainties (continued)

Business interruption

Extraneous events such as pandemic, significant IT failure or cyber-attack, could result in a significant degree of business interruption. There is a risk that the Company may not be able to adapt to a changed environment and suffers significant and prolonged disruption to its activities. The Company has developed crisis management plans to mitigate the impact of such events.

Health and safety

There is a risk that a significant health and safety failure would impact our ability to conduct our existing business and win new business. Health and safety is a primary business focus, this is a whole life cycle approach and is a key consideration from specification to ordering, servicing, maintaining, operations and disposal.

The Company is accredited to ISO9001:2015, Achilles UVDB, RISQS, Logistics UK Van Excellence standard, FORS and ALLMI.

We operate to best practice, look for efficiency and innovation at all stages and continually analyse our approach to ensure that we keep evolving but also ensuring that standards remain high.

We are mindful that our business not only impacts our internal customers but also the general public, therefore every effort is made to ensure that our vision of 'all group businesses have the safe, compliant and fit for purpose tools needed to deliver successful results for their clients and the clients' customers, keeping sites safe, roads in good condition and transport links active' is delivered

Environment

The Company recognises the importance of its environmental responsibilities and designs and implements policies to monitor and reduce damage caused by the Company's activities.

Legislative risks

Changes in the regulatory environment are typically dealt with at a contractual level and the effects and obligations upon the Company are documented and measurable. Other industry specific recognised bodies provide good practice/standards to follow.

Financial risks

Credit risk

Details of the Company's debtors are shown in note 13 to the financial statements. The Company limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk


The Company aims to mitigate liquidity risk by managing cash generation and utilisation by its operations and applying best practice within the credit control function. Whilst most debts are with Group companies, we ensure that accounts are reconciled regularly to ensure issues are resolved quickly and payments made promptly. The Company also manages liquidity risk via agreed credit facilities that the directors review for sufficiency on a periodic basis.

ID Systems UK Limited

Strategic report for the year ended 31 March 2022 (continued)

The strategic report was approved and authorised for issue by the board of directors.

On behalf of the board,



I Doherty
Director
9 May 2023
Registered Number: SC230161

Unit 1 Axis Park
Orchardton Road
Cumbernauld
Glasgow
Scotland
G68 9LB

ID Systems UK Limited

Directors' report for the year ended 31 March 2022

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2022.

Business review and future developments

In accordance with section 414c (11) of the Companies Act 2006, the directors have chosen to include the principal activity of the Company; the principal risks and uncertainties; the financial risks; the business review; and future developments in the Strategic Report.

Financial risk

Financial risk faced by the Company includes credit, cash flow and liquidity risk. The Company reviews these risks on an ongoing basis.

Credit and cash flow risk from trade receivables and amounts recoverable on contracts are managed through policies on payment terms and regular reviews of the balance and amounts outstanding. The Company aims to mitigate liquidity risk by managing cash generation and utilisation by its operations and applying best practice within the credit control function.

Dividends

No dividends were paid in the year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

Directors

The directors who served during the year and up to the date of signing were as follows:

J M Arnold	(resigned 1 January 2023)
M G Beesley	(resigned 22 October 2021)
I Doherty	
J M Edwards	(resigned 27 February 2023)
A R Findlay	(appointed 18 August 2021)
J M Hobson	(appointed 15 September 2022)
C Keen	(appointed 15 September 2022)
A H P Loosveld	(appointed 15 September 2022)
J R Winnicott	(resigned 28 February 2023)

Third party indemnity

The Company maintains qualifying third party indemnity insurance for all directors as allowed by section 234 of the Companies Act 2006. These insurances were in force throughout the period to 31 March 2022 and continue to the date of approval of the financial statements.

Going concern

The directors have taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the risk of a significant economic shock impacting the UK essential infrastructure market. However, this is considered a low risk as there were no adverse impacts from the economic environment and challenges created in this COVID-19 environment and the Company was able to generate positive operating cash flows demonstrating the Company's ability to withstand significant external economic shocks. They also considered the impact of the high inflationary environment, however this is also considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms. Cash flow has been and continues to be robust, in line with management's expectations. Demand in our resilient markets remains strong and the Company has significant levels of liquidity available.

Accordingly, based on the Company's financial projections and the current expectations of the directors about the prospects of the Company, the financial statements have been prepared on the going concern basis. The Company has access if needed to funding from its intermediate holding company M Group Services Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

ID Systems UK Limited

Directors' report for the year ended 31 March 2022 (continued)

Going concern (continued)

The directors consider that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Employee engagement

Employees are kept informed on matters affecting them. The Company communicates through regular briefings, presentations, electronic mailings and the wide circulation of magazines, to achieve a common awareness among all employees in relation to the financial and economic factors that affect the performance of the Company. Recognition and reward schemes are in place to encourage participation in the Company's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication.

The Company is an equal opportunities employer and applications from disabled persons are fully and fairly considered, having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment continues and appropriate training is given. Career development and promotion of disabled people is, as far as possible, identical to that of other employees.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditor

In the case of each director in office at the date the Directors' Report is approved:

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

ID Systems UK Limited

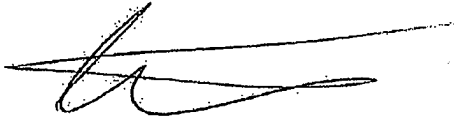
Directors' report for the year ended 31 March 2022 (continued)

Auditor

Deloitte LLP have expressed their willingness to continue as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

The directors' report was approved and authorised for issue by the board of directors.

On behalf of the board,



I Doherty
Director
9 May 2023

Registered Number: SC230161

Unit 1 Axis Park
Orchardton Road
Cumbernauld
Glasgow
Scotland
G68 9LB

ID Systems UK Limited

Independent auditor's report to the members of ID Systems UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ID Systems UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

ID Systems UK Limited

Independent auditor's report to the members of ID Systems UK Limited (continued)

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included Employment Laws, Health and Safety Act and General Data Protection Regulations ("GDPR").

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

ID Systems UK Limited

Independent auditor's report to the members of ID Systems UK Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- The recoverability and valuation of amounts recoverable on contracts. The procedures performed to address this risk included:
 - Documenting our understanding of the design of key controls surrounding amounts recoverable on contracts valuation and recoverability
 - Obtaining an understanding of the composition of the amounts recoverable on contracts
 - Obtaining evidence of post year end cash collection or ongoing negotiations in relation to the recoverability of amounts recoverable on contracts on a sample basis

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

ID Systems UK Limited

Independent auditor's report to the members of ID Systems UK Limited (continued)

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.



Craig Wisdom FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

9 May 2023

ID Systems UK Limited

Statement of comprehensive income for the year ended 31 March 2022

	Note	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Turnover	5	16,391	8,941
Cost of sales		(15,156)	(7,836)
Gross profit		1,235	1,105
Administrative expenses		(1,720)	(1,672)
Other operating income	6	56	641
EBITDA		(131)	375
Exceptional items	7	-	(40)
Amortisation	7,11	(233)	(189)
Depreciation	7,12	(65)	(72)
Operating profit / (loss)		(429)	74
Interest receivable and similar income	9	-	42
Interest payable and similar expenses	9	(6)	(19)
Net interest receivable	9	(6)	23
Profit / (loss) before taxation	7	(435)	97
Tax on profit / (loss)	10	(1)	(20)
Profit / (loss) for the financial year		(436)	77
Other comprehensive income		-	-
Total comprehensive income / (loss) for the financial year		(436)	77

The accompanying notes on pages 15 to 29 form part of these financial statements.

The above results relate to continuing operations for the financial year.

ID Systems UK Limited

Balance sheet as at 31 March 2022

	Note	At 31 March 2022 £'000	At 31 March 2021 £'000
Fixed assets			
Intangible assets	11	54	176
Tangible assets	12	29	91
Investments	13	-	-
Debtors: amounts falling due after more than one year	14	465	465
		548	732
Current assets			
Stocks	15	139	115
Debtors	16	6,583	3,274
Cash at bank and in hand		377	253
		7,099	3,642
Creditors: amounts falling due within one year	17	(5,763)	(2,257)
Net current assets		1,336	1,385
Total assets less current liabilities		1,884	2,117
Creditors: amounts falling due after one year	18	(261)	(49)
Provisions for liabilities	19	-	(9)
Net assets		1,623	2,059
Capital and reserves			
Called up share capital	22	-	-
Profit and loss account		1,623	2,059
Total equity		1,623	2,059

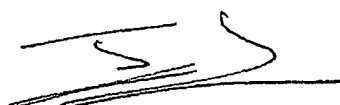
The notes on pages 15 to 29 are an integral part of these financial statements.

The financial statements on pages 12 to 29 were approved and authorised for issue by the board of directors on 9 May 2023 and were signed on its behalf by:



I Doherty
Director

Registered Number: SC230161



J M Hobson
Director

ID Systems UK Limited

Statement of changes in equity for the year ended 31 March 2022

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
Balance as at 1 April 2020	-	1,982	1,982
Profit and total comprehensive income for the financial year	-	77	77
Balance as at 31 March 2021	-	2,059	2,059
Loss and total comprehensive income for the financial year	-	(436)	(436)
Balance as at 31 March 2022	-	1,623	1,623

The notes on pages 15 to 29 are an integral part of these financial statements.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022

1 General information

ID Systems UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of its registered office is Unit 1 Axis Park, Orchardton Road, Cumbernauld, Glasgow, Scotland, G68 9LB.

2 Statement of compliance

The individual financial statements of ID Systems UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

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

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention.

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The directors have taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the risk of a significant economic shock impacting the UK essential infrastructure market. However, this is considered a low risk as there were no adverse impacts from the economic environment and challenges created in this COVID-19 environment and the Company was able to generate positive operating cash flows demonstrating the Company's ability to withstand significant external economic shocks. They also considered the impact of the high inflationary environment, however this is also considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms. Cash flow has been and continues to be robust, in line with management's expectations. Demand in our resilient markets remains strong and the Company has significant levels of liquidity available.

Accordingly, based on the Company's financial projections and the current expectations of the directors about the prospects of the Company, the financial statements have been prepared on the going concern basis. The Company has access if needed to funding from its intermediate holding company M Group Services Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

The directors consider that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with. The Company is a qualifying entity as its results are consolidated into the financial statements of Minerva Equity Limited which are publicly available.

As a qualifying entity the Company has taken advantage of the following exemptions

- from preparing a statement of cash flows, as allowed by FRS 102 paragraph 1.12(b)
- from disclosing a table of financial instruments as allowed by FRS 102 paragraph 1.12(c)
- from disclosing transactions with entities that are part of the Minerva Equity Limited group where 100% of the voting rights of these entities are controlled within the group as required by FRS 102 paragraph 33.1A.
- from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7.

Consolidated financial statements

In accordance with Section 400 of the Companies Act 2006, the Company has not prepared group financial statements. The results of the Company and its subsidiaries are consolidated in the financial statements of its parent company M Group Services Limited, a company registered in England. A copy of which can be obtained from the Company Secretary, Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due;
- The costs incurred and costs to complete the contract can be measured reliably

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

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised. In the previous year, grant accounting has only been applied to the Job Retention Scheme launched as part of HM Governments response to the COVID-19 pandemic.

**Notes to the financial statements
for the year ended 31 March 2022 (continued)**

Employee benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets less their estimated residual value over their expected useful lives, as follows:

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Intangible assets (continued)

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Tangible assets

Tangible assets are included at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset into its working condition for its intended use.

Depreciation and residual values

Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their expected useful lives. The expected useful lives of the assets to the business are reassessed periodically in light of experience.

The expected useful lives used are principally as follows:

Leasehold improvements	- 20% on cost
Plant and machinery	- 25% on cost
Fixtures, fittings & equipment	- 25% on cost
Computer equipment	- 25% on cost

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account.

Stocks

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in creditors falling due within one year.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Investments

Investments held by the Company as fixed assets are stated at historical cost less accumulated impairment losses. An impairment loss is recognised when the recoverable amount is less than carrying value of the investments. Recoverable amount is the higher of the assets' value in use or fair value less costs to sell. Any such impairment losses are recognised in the profit and loss account

Share capital

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

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned by the Minerva Equity Group. It does not disclose transactions with members of the Minerva Equity Group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

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

Critical accounting estimates and assumptions

There are no specific judgements that have been made that would result in a material change to the statutory financial statements. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Amounts recoverable on contracts

Judgement is required in accounting for amounts recoverable on contracts particularly as regards profit recognition. Consistent with its revenue recognition policy, the Company makes an estimate of the recoverable value and makes a provision for any known or anticipated losses. See note 16 for the net carrying amount of amounts recoverable on contracts.

5 Turnover

The Company had one class of business providing specialist engineering, fabrication and modular assembly services. All turnover relates to activities in the United Kingdom.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

6 Other operating income

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Grants received (note 20)	56	58
Grants received under Coronavirus Job Retention Scheme	-	583
	56	641

7 Profit / (loss) before taxation

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Profit / (loss) before taxation is stated after charging:		
Wages and salaries	6,719	3,106
Social security costs	581	303
Other pension costs	174	84
Staff costs	7,474	3,493
Depreciation – owned assets (note 12)	65	72
Amortisation of intangible assets (note 11)	233	189
Operating lease rentals – plant and machinery	28	30
Operating lease rentals – building	127	144
Exceptional items	-	40
Services provided by the Company's auditor		
Fees payable to the Company's auditor for the audit of the financial statements	30	9

Exceptional items include £40,000 of dilapidation costs in 2021.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of Minerva Equity Limited.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

8 Employees and directors

	Year to 31 March 2022 Number	Year to 31 March 2021 Number
Average monthly number of management and supervisory staff employed (including executive directors)	14	14
Average monthly number of operational staff employed (including executive directors)	133	79
	147	93

The directors are remunerated for services and the cost is borne by the immediate parent undertaking IDS Holdings Limited, hence there are no costs to include in these financial statements. No recharges have been made in either the current year or prior period in respect of directors' services to the Company. Key management personnel are deemed to be the statutory directors.

9 Net interest (payable)/receivable

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Interest receivable and similar income		
Related party companies	-	-
Other interest	-	42
Total interest receivable and similar income	-	42
Interest payable and similar expenditure		
Other interest	(6)	(19)
Total interest payable and similar expenditure	(6)	(19)
Net interest (payable)/receivable	(6)	23

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

10 Tax on profit

Tax expense included in profit or loss	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Current tax:		
UK Corporation tax on profit for the year	22	26
Adjustments in respect of previous periods	(8)	(1)
Total current tax charge	14	25
Deferred tax:		
Origination and reversal of timing differences	(8)	(5)
Adjustment in respect of previous periods	(1)	-
Impact of change in tax rate	(4)	-
Total deferred tax (credit)	(13)	(5)
Tax charge on profit	1	20

Reconciliation of tax charge/(credit)

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Profit / (loss) before taxation	(435)	97
Profit before taxation multiplied by the standard UK rate of tax 19% (2021: 19%)	(83)	18
Effects of:		
Expenses not deductible for tax purposes	97	3
Impact of change in tax rate	(4)	-
Adjustments in respect of previous periods	(9)	(1)
Total tax charge for the year	1	20

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

11 Intangible assets

	IT infrastructure
	£'000
Cost at 1 April 2021	761
Additions	111
Cost at 31 March 2022	872
Accumulated amortisation at 1 April 2021	(585)
Charge for the year	(233)
Accumulated amortisation at 31 March 2022	(818)
Net book value at 31 March 2022	54
Net book value at 31 March 2021	176

12 Tangible assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2021	320	21	3	154	498
Additions	3	-	-	-	3
At 31 March 2022	323	21	3	154	501
Accumulated depreciation at 1 April 2021	(231)	(20)	(3)	(153)	(407)
Charge for the year	(63)	(1)	-	(1)	(65)
At 31 March 2022	(294)	(21)	(3)	(154)	(472)
Net book value at 31 March 2022	29	-	-	-	29
Net book value at 31 March 2021	89	1	-	1	91

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13 Investments

Company	£'000
Cost and net book value at 1 April 2021 and 31 March 2022	-

Details of the Company's subsidiaries and shareholding at 31 March 2022 are as follows:

Company	Registered country	Company's equity shareholding at 31 March 2022	Principal business
A1ba Control Solutions Limited	Scotland (1)	50%*	Dormant
IDS (Integration) Limited	Scotland (1)	100%*	Dormant
IDS (Special Projects) Limited	Scotland (1)	100%*	Dormant

Shares are ordinary shares

* indirectly held

(1) Company's registered office is: Unit 1, Axis Park Orchardton Road, Cumbernauld, Glasgow, Scotland, G68 9LB.

14 Debtors: amounts falling due after more than one year

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Amounts owed by group undertakings	465	465

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Amounts owed by group undertakings are intended for the continuing use of the borrowing companies as part of the capital structure of those companies. As such they represent fixed assets of ID Systems UK Limited.

15 Stocks

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Raw materials	139	115

There is no material difference between the balance sheet value of stock and the replacement cost.

The cost of stocks recognised as an expense in the year amounted to £6,641,000 (2021: £3,851,000). This is included within cost of sales.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

16 Debtors

	At 31 March 2022 £'000	At 31 March 2021 £'000
Trade debtors	1,286	1,574
Amounts recoverable on contracts	4,559	1,029
Corporation tax	53	130
Other debtor	208	-
Amounts owed by group undertakings	375	318
Deferred tax (note 19)	4	-
Prepayments and accrued income	98	223
	6,583	3,274

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

17 Creditors: amounts falling due within one year

	At 31 March 2022 £'000	At 31 March 2021 £'000
Trade creditors	2,183	1,592
Amounts owed to group undertakings	2,165	-
Other taxation and social security	166	100
Other creditors	39	358
Government grants	49	56
Accruals and deferred income	1,161	151
	5,763	2,257

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

18 Creditors: amounts falling due after more than one year

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Government grants	-	49
Director loans	261	-
	261	49

Director loans are interest free.

19 Provisions for liabilities

	Deferred Tax £'000
At 1 April 2021	9
Adjustment in respect of prior years	(1)
Credit to the profit and loss account	(12)
At 31 March 2022	(4)

The provision for deferred tax consists of the following deferred tax (assets) / liabilities:

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Fixed asset timing differences	(4)	10
Short term timing differences - trading	-	(1)
Total deferred tax (asset)/liability	(4)	9

20 Government grants

In the year ended 31 March 2022, ID Systems UK Limited did not receive any government grants (2021: £nil). Deferred government grants were released in the year of £56,000 (2021: £58,000)

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

21 Post-employment benefits

Defined contribution scheme

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

The amount recognised as an expense for the defined contribution scheme was:

	At 31 March 2022 £'000	At 31 March 2021 £'000
Current year contributions	174	84

Contributions amounting to £32,000 (2021: £nil) were outstanding at the year end.

22 Called up share capital

	At 31 March 2022 £'000	At 31 March 2021 £'000
Allotted and fully paid share capital		
10 (2021: 10) ordinary shares of £1 each	-	-

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

23 Capital and other commitments

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

	At 31 March 2022			At 31 March 2021		
	Land & Buildings £'000	Plant & Machinery £'000	Total £'000	Land & Buildings £'000	Plant & Machinery £'000	Total £'000
Payments due						
Within one year	219	18	237	176	19	195
Between one and five years	835	39	874	767	2	769
After five years	62	-	62	247	-	247
	1,116	57	1,173	1,190	21	1,211

ID Systems UK Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

24 Contingent liabilities

There exist cross guarantees under a group banking arrangement whereby group companies have guaranteed the liabilities of other group companies to their clearing banks. Net indebtedness under this arrangement at 31 March 2022 was £nil (31 March 2021: £nil). Group bank debt is disclosed in the financial statements of Minerva Equity Limited.

25 Related party transactions

During the year, prior to acquisition by the Minerva Equity Limited Group, the Company traded with connected companies. In relation to these connected companies, the balances and transaction included in the accounts are as below:

	At 31 March 2022 £'000	At 31 March 2021 £'000
Sale of goods	530	488
Purchase of goods	-	221
Debtors	50	-
Creditors	-	-

In addition, during the year a director made a loan of £261,000 to the company. This is repayable on demand as disclosed in Note 18.

The Company has taken advantage of the exemption under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the Minerva Equity Limited group, where 100% of the voting rights of these entities are controlled within the group.

26 Immediate and ultimate parent undertaking and controlling parties

At 31 March 2022, the Company's immediate parent undertaking was IDS Holdings Limited, a company registered in Scotland.

The ultimate parent undertaking is Minerva Equity Limited, a company registered in England and Wales, whose ultimate controlling party is PAI Partners a private equity firm registered in France.

M Group Services Limited is the parent undertaking of the smallest group to consolidate these financial statements. Minerva Equity Limited is the parent undertaking of the largest group to consolidate these financial statements.

Copies of the M Group Services Limited and Minerva Equity Limited consolidated financial statements can be obtained from the Company Secretary at the registered office: Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.