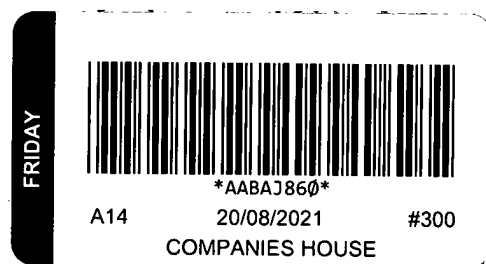


The TALL Group of Companies Limited

Financial Statements

31 December 2020



NICOLAUS JENKINS MA FCA

Chartered accountants & statutory auditor

UHY Hacker Young

St Johns Chambers

Love street

Chester

CH1 1QN

The TALL Group of Companies Limited

Financial Statements

Year ended 31 December 2020

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The TALL Group of Companies Limited

Officers and Professional Advisers

The board of directors

M J Ruda
W S D Lamb
P G Andrew

Company secretary

W S D Lamb

Registered office

Unit 2
Pembroke Court
Manor Park
Runcorn
Cheshire
WA7 1TJ

Auditor

Nicolaus Jenkins MA FCA
Chartered accountants & statutory auditor
UHY Hacker Young
St Johns Chambers
Love Street
Chester
CH1 1QN

Solicitors

Brabners LLP
55 King Street
Manchester
M2 4LQ

The TALL Group of Companies Limited

Strategic Report

Year ended 31 December 2020

Business review

The directors consider the overall performance of the Group to be satisfactory in the exceptional circumstances of the COVID-19 pandemic. Sales revenues decreased to £8,668,346 (2019: £11,066,942). The Group's technology enabled products and fraud prevention services continue to present significant opportunities, both in the UK and internationally. Cash management across the Group is constantly monitored, and this enables the Group to take advantage of positive net balances where required.

Results and dividends

The small loss for the year, after exceptional costs, interest and taxation, amounted to £50,681 (2019: profit of £710,432). The restructure undertaken during the COVID-19 pandemic incurred exceptional employment costs of £174,544 (redundancy and termination payments) without which the Group delivered a noteworthy trading profit. A dividend of £100,000 (2019: £325,000) was paid by the directors.

Principal risks and uncertainties

The Group uses financial instruments, which include a bank overdraft, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved by an overdraft facility.

Interest rate risk

The Group finances its operations through a mixture of retained profits and a bank overdraft. The interest rate exposure of the financial assets and liabilities of the Company as at 31 December 2020 is shown below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed £	Interest rate Floating £	Zero £	Total £
Financial assets				
Cash	-	1,537,709	-	1,537,709
Trade debtors	-	-	1,349,521	1,349,521
		1,537,709	1,349,521	2,887,230
Financial liabilities				
Finance leases and hire purchase contracts	199,707	-	-	199,707
Trade creditors	-	-	946,431	946,431
Bank loan and overdraft	-	203,291	-	203,291
	199,707	203,291	946,431	1,349,429

The TALL Group of Companies Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Credit risk

The Group's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Financial key performance indicators

Financial overview

Revenue decreased in 2020 to £8,688,346 (2019: £11,066,942). The gross profit decreased to £4,288,124 (2019: £6,137,646). Operating costs, net of other operating income, of £4,332,790 in 2020 compared to £5,232,103 in 2019. The loss before tax in 2020 of £64,959 compared to a profit before tax in 2019 of £874,574.

Cash management

Close attention to credit control and supply chain management ensures optimum cash flows across the group.

Capital expenditure

The directors constantly monitor the requirements to invest in, upgrade or replace machinery, equipment and IT infrastructure in order to maintain efficient production operations, and optimum data and systems security across the Group.

Other key performance indicators

Accreditations, training and development

The Group maintains accreditations to ISO 27001, ISO 9001, ISO 14001, Cyber Essentials Plus and the Investors in People standard, and ensures all its people review performance and participate in relevant training and development activities.

Future prospects

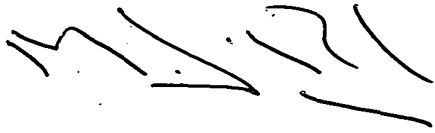
The directors maintain a continuing positive outlook for the prospects of the Group.

The TALL Group of Companies Limited

Strategic Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 27 July 2021 and signed on behalf of the board by:



M J Ruda
Director

Registered office:
Unit 2
Pembroke Court
Manor Park
Runcorn
Cheshire
WA7 1TJ

The TALL Group of Companies Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the group for the year ended 31 December 2020.

Directors

The directors who served the company during the year were as follows:

M J Ruda
W S D Lamb
P G Andrew

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The TALL Group of Companies Limited

Directors' Report *(continued)*

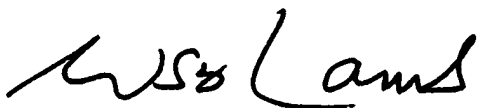
Year ended 31 December 2020

Auditor

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

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

This report was approved by the board of directors on 27 July 2021 and signed on behalf of the board by:



W S D Lamb
Director

Registered office:
Unit 2
Pembroke Court
Manor Park
Runcorn
Cheshire
WA7 1TJ

The TALL Group of Companies Limited

Independent Auditor's Report to the Members of The TALL Group of Companies Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of The TALL Group of Companies Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

The TALL Group of Companies Limited

Independent Auditor's Report to the Members of The TALL Group of Companies Limited *(continued)*

Year ended 31 December 2020

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and 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.
-

The TALL Group of Companies Limited

Independent Auditor's Report to the Members of The TALL Group of Companies Limited *(continued)*

Year ended 31 December 2020

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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:

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Group, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with and review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the

The TALL Group of Companies Limited

Independent Auditor's Report to the Members of The TALL Group of Companies Limited *(continued)*

Year ended 31 December 2020

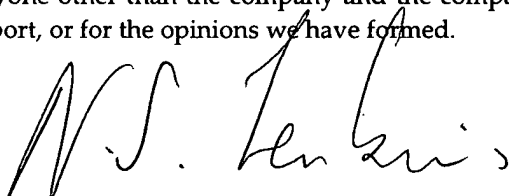
risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Nicolaus Jenkins MA FCA
Chartered accountants & statutory auditor
UHY Hacker Young
St Johns Chambers
Love street
Chester
CH1 1QN

27 July 2021

The TALL Group of Companies Limited

Consolidated Statement of Income and Retained Earnings

Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	8,688,346	11,066,942
Cost of sales		4,405,222	4,929,296
Gross profit		4,283,124	6,137,646
Administrative expenses		4,208,207	4,768,118
Other operating income	5	328,781	–
Group management expenses		453,364	463,985
Operating (loss)/profit	6	(49,666)	905,543
Other interest receivable and similar income	10	963	2,785
Interest payable and similar expenses	11	16,256	33,754
(Loss)/profit before taxation		(64,959)	874,574
Tax on (loss)/profit	12	(14,278)	164,142
(Loss)/profit for the financial year and total comprehensive income		(50,681)	710,432
Dividends paid and payable	13	(100,000)	(325,000)
Retained earnings at the start of the year		5,014,173	4,628,741
Retained earnings at the end of the year		4,863,492	5,014,173

All the activities of the group are from continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

The TALL Group of Companies Limited

Company Statement of Income and Retained Earnings

Year ended 31 December 2020

	Note	2020 £	2019 £
(Loss)/profit for the financial year and total comprehensive income		192,503	532,709
Dividends paid and payable	13	(100,000)	(325,000)
Retained earnings at the start of the year		<u>661,727</u>	<u>454,018</u>
Retained earnings at the end of the year		<u>754,230</u>	<u>661,727</u>

The notes on pages 16 to 32 form part of these financial statements.

The TALL Group of Companies Limited

Consolidated Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	274,079	343,769
Tangible assets	15	1,456,523	1,370,491
		<u>1,730,602</u>	<u>1,714,260</u>
Current assets			
Stocks	17	1,502,084	1,499,026
Debtors	18	1,670,345	1,988,938
Cash at bank and in hand		1,537,709	1,702,260
		<u>4,710,138</u>	<u>5,190,224</u>
Creditors: amounts falling due within one year	19	2,183,057	2,628,703
Net current assets		<u>2,527,081</u>	<u>2,561,521</u>
Total assets less current liabilities		<u>4,257,683</u>	<u>4,275,781</u>
Creditors: amounts falling due after more than one year	20	267,460	190,340
Provisions	22	157,261	101,798
Net assets		<u>3,832,962</u>	<u>3,983,643</u>
Capital and reserves			
Called up share capital	27	194,924	194,924
Capital redemption reserve	28	85,076	85,076
Other reserves, including the fair value reserve	28	(1,310,530)	(1,310,530)
Profit and loss account	28	4,863,492	5,014,173
Shareholders funds		<u>3,832,962</u>	<u>3,983,643</u>

These financial statements were approved by the board of directors and authorised for issue on 27 July 2021, and are signed on behalf of the board by:



W S D Lamb
Director

Company registration number: 06548791

The notes on pages 16 to 32 form part of these financial statements.

The TALL Group of Companies Limited

Company Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	16	3,013,532	3,013,532
Current assets			
Debtors	18	38,326	38,326
Cash at bank and in hand		29	13,299
		<u>38,355</u>	<u>51,625</u>
Creditors: amounts falling due within one year	19	<u>2,017,657</u>	<u>2,123,430</u>
Net current liabilities		<u>1,979,302</u>	<u>2,071,805</u>
Total assets less current liabilities		<u>1,034,230</u>	<u>941,727</u>
Capital and reserves			
Called up share capital	27	194,924	194,924
Capital redemption reserve	28	85,076	85,076
Profit and loss account	28	<u>754,230</u>	<u>661,727</u>
Shareholders funds		<u>1,034,230</u>	<u>941,727</u>

The profit for the financial year of the parent company was £192,503 (2019: £532,709).

These financial statements were approved by the board of directors and authorised for issue on 27 July 2021, and are signed on behalf of the board by:



WSD Lamb
Director

Company registration number: 06548791

The notes on pages 16 to 32 form part of these financial statements.

The TALL Group of Companies Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(50,681)	710,432
<i>Adjustments for:</i>		
Depreciation of tangible assets	236,581	236,232
Amortisation of intangible assets	69,690	69,690
Government grant income	(328,781)	–
Other interest receivable and similar income	(963)	(2,785)
Interest payable and similar expenses	16,256	33,754
Gains on disposal of tangible assets	–	(623)
Tax on profit	(14,278)	164,142
Accrued (income)/expenses	(77,339)	157,713
<i>Changes in:</i>		
Stocks	(3,058)	18,596
Trade and other debtors	318,593	(55,705)
Trade and other creditors	(63,918)	(363,434)
Other operating cash flow changes	(13,284)	–
Cash generated from operations	88,818	968,012
Interest paid	(16,256)	(33,754)
Interest received	963	2,785
Tax paid	(84,592)	(161,744)
Net cash (used in)/from operating activities	<u>(11,067)</u>	<u>775,299</u>
Cash flows from investing activities		
Purchase of tangible assets	(322,613)	(113,567)
Proceeds from sale of tangible assets	–	623
Net cash used in investing activities	<u>(322,613)</u>	<u>(112,944)</u>
Cash flows from financing activities		
Proceeds from borrowings	(154,103)	(267,633)
Government grant income	328,781	–
Payments of finance lease liabilities	94,451	(141,010)
Dividends paid	(100,000)	(325,000)
Net cash from/(used in) financing activities	<u>169,129</u>	<u>(733,643)</u>
Net decrease in cash and cash equivalents	(164,551)	(71,288)
Cash and cash equivalents at beginning of year	1,702,260	1,773,548
Cash and cash equivalents at end of year	<u>1,537,709</u>	<u>1,702,260</u>

The notes on pages 16 to 32 form part of these financial statements.

The TALL Group of Companies Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 2, Pembroke Court, Manor Park, Runcorn, Cheshire, WA7 1TJ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of The TALL Group of Companies Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The Directors do not consider there to be any significant judgements or estimates within the financial statements.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 50 years
Long leasehold property	- Fully depreciated
Plant and machinery	- 2-10 years
Fixtures and fittings	- 10 years
Motor vehicles	- 5 years
Equipment	- 5 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	<u>8,688,346</u>	<u>11,066,942</u>

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	6,910,073	9,506,026
Rest of Europe	696,545	581,393
Rest of the World	1,081,728	979,523
	<u>8,688,346</u>	<u>11,066,942</u>

5. Other operating income

	2020	2019
	£	£
Government grant income	<u>328,781</u>	<u>-</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Amortisation of intangible assets	69,690	69,690
Depreciation of tangible assets	236,581	236,232
Gains on disposal of tangible assets	-	(623)
Impairment of trade debtors	2,978	5,407
Operating lease rentals	9,741	10,807
Foreign exchange differences	<u>(5,173)</u>	<u>15,371</u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>31,990</u>	<u>31,990</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>381</u>	<u>85</u>

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

8. Staff costs

The average number of persons employed by the company during the year amounted to 131 (2019: 133).

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	3,700,862	3,848,822
Social security costs	361,186	375,843
Other pension costs	138,137	142,391
	<u>4,200,185</u>	<u>4,367,056</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	427,443	418,496
Company contributions to defined contribution pension plans	17,069	16,693
	<u>444,512</u>	<u>435,189</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	156,586	152,764
Company contributions to defined contribution pension plans	6,096	5,962
	<u>162,682</u>	<u>158,726</u>

10. Other interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>963</u>	<u>2,785</u>

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

11. Interest payable and similar expenses

	2020	2019
	£	£
Interest on banks loans and overdrafts	6,704	16,616
Interest on obligations under finance leases and hire purchase contracts	9,552	17,138
	<u>16,256</u>	<u>33,754</u>

12. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	(75,902)	158,023
Adjustments in respect of prior periods	(7,123)	(6,806)
Total current tax	<u>(83,025)</u>	<u>151,217</u>
Deferred tax:		
Origination and reversal of timing differences	68,747	12,925
Tax on profit	<u>(14,278)</u>	<u>164,142</u>

13. Dividends

	2020	2019
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>100,000</u>	<u>325,000</u>

The TALL Group of Companies Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

14. Intangible assets

Group	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	<u>738,835</u>
Amortisation	
At 1 January 2020	395,066
Charge for the year	<u>69,690</u>
At 31 December 2020	<u>464,756</u>
Carrying amount	
At 31 December 2020	<u>274,079</u>
At 31 December 2019	<u>343,769</u>

15. Tangible assets

Group	Freehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2020	683,881	263,863	5,257,074	1,775,989	117,969	8,098,776
Additions	50,000	–	212,172	60,441	–	322,613
Disposals	–	–	(133,840)	–	–	(133,840)
At 31 Dec 2020	<u>733,881</u>	<u>263,863</u>	<u>5,335,406</u>	<u>1,836,430</u>	<u>117,969</u>	<u>8,287,549</u>
Depreciation						
At 1 Jan 2020	235,528	263,863	4,491,836	1,630,781	106,277	6,728,285
Charge for the year	12,395	–	155,639	56,855	11,692	236,581
Disposals	–	–	(133,840)	–	–	(133,840)
At 31 Dec 2020	<u>247,923</u>	<u>263,863</u>	<u>4,513,635</u>	<u>1,687,636</u>	<u>117,969</u>	<u>6,831,026</u>
Carrying amount						
At 31 Dec 2020	<u>485,958</u>	<u>–</u>	<u>821,771</u>	<u>148,794</u>	<u>–</u>	<u>1,456,523</u>
At 31 Dec 2019	<u>448,353</u>	<u>–</u>	<u>765,238</u>	<u>145,208</u>	<u>11,692</u>	<u>1,370,491</u>

The company has no tangible assets.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Tangible fixed assets with a carrying value of £1,456,523 (2019: £1,370,491) are pledged as security against the bank loan of the Group's controlling party The TALL Group of Companies Limited.

Included within the net book value of £1,456,523 (2019: £1,370,491) are assets under finance leases with a net book value of £117,014 (2019: £482,076). Depreciation charged to the financial statements in the year in respect of such assets amounted to £15,063 (2019: £51,644). No tangible fixed assets are held by the company.

16. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 January 2020 and 31 December 2020	<u>3,013,532</u>
Impairment	
At 1 January 2020 and 31 December 2020	<u>–</u>
Carrying amount	
At 1 January 2020 and 31 December 2020	<u>3,013,532</u>
At 31 December 2019	<u>3,013,532</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
TALL Security Print Limited	£1 ordinary shares	100
Checkprint Limited	£1 ordinary shares	100
DLRT Limited	£1 ordinary shares	100

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

17. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	1,004,208	1,042,220	–	–
Finished goods and goods for resale	497,876	456,806	–	–
	<u>1,502,084</u>	<u>1,499,026</u>	<u>–</u>	<u>–</u>

Stock recognised in cost of sale during the year as an expense was £3,467,226 (2019: £2,953,758).

A loss of £21,861 (2019: gain of £14,821) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,349,521	1,729,504	–	–
Amounts owed by group undertakings	–	–	38,326	38,326
Prepayments and accrued income	237,370	255,201	–	–
Corporation tax repayable	4,624	–	–	–
Other debtors	78,830	4,233	–	–
	<u>1,670,345</u>	<u>1,988,938</u>	<u>38,326</u>	<u>38,326</u>

An impairment loss of £2,978 (2019: £5,407) was recognised against trade debtors.

The total carrying amount of the trade debtors is pledged as security for the Group's bank loans.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

19. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	82,849	196,387	–	114,874
Trade creditors	946,431	835,649	–	–
Amounts owed to group undertakings	–	–	2,017,657	2,008,556
Accruals and deferred income	863,210	940,549	–	–
Corporation tax	–	167,617	–	–
Social security and other taxes	218,634	390,860	–	–
Obligations under finance leases and hire purchase contracts	52,689	75,923	–	–
Other creditors	19,244	21,718	–	–
	<u>2,183,057</u>	<u>2,628,703</u>	<u>2,017,657</u>	<u>2,123,430</u>

The bank loan is secured by charges on the freehold property and by fixed and floating charges over the assets of all group undertakings.

The finance leases are secured on the assets to which they relate.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	120,442	161,007	–	–
Obligations under finance leases and hire purchase contracts	147,018	29,333	–	–
	<u>267,460</u>	<u>190,340</u>	<u>–</u>	<u>–</u>

Included within bank loans are two facilities with HSBC Bank Plc.

Interest on bank loan held by Checkprint Limited is charged at 2.25% per annum over the Bank of England Base Rate. The loan is repaid by monthly instalments of £3,674.

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	52,689	75,923	–	–
Later than 1 year and not later than 5 years	147,018	29,333	–	–
	<u>199,707</u>	<u>105,256</u>	<u>–</u>	<u>–</u>

22. Provisions

Group	Deferred tax (note 23) £
At 1 January 2020	101,798
Additions	55,463
At 31 December 2020	<u>157,261</u>

The company does not have any provisions.

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Included in provisions (note 22)	<u>157,261</u>	<u>101,798</u>	<u>–</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Accelerated capital allowances	164,409	114,014	–	–
Other timing differences	(7,148)	(12,216)	–	–
	<u>157,261</u>	<u>101,798</u>	<u>–</u>	<u>–</u>

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £138,137 (2019: £142,391).

25. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	328,781	—	—	—

26. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	3,042,712	3,435,997

Financial liabilities measured at amortised cost

	Group	
	2020	2019
	£	£
Financial liabilities measured at amortised cost	(2,241,883)	(1,320,017)

27. Called up share capital

Issued and called up

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	194,924	194,924	194,924	194,924

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

28. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Capital redemption reserve - represents amounts which have arisen on the redemption or purchase of shares.

Merger reserve - represents the difference between the consideration paid in a merger and the fair value of the assets transferred.

Profit and loss account - the profit and loss account includes all current and prior period retained profits and losses.

29. Analysis of changes in net debt

	At 1 Jan 2020	Cash flows	At 31 Dec 2020
	£	£	£
Cash at bank and in hand	1,702,260	(164,551)	1,537,709
Debt due within one year	(272,310)	136,772	(135,538)
Debt due after one year	(190,340)	(77,120)	(267,460)
	<u>(1,239,610)</u>	<u>(104,899)</u>	<u>(1,134,711)</u>

30. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Tangible assets	<u>109,400</u>	<u>—</u>	<u>—</u>	<u>—</u>

31. Operating leases

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	125,148	264,351	—	—
Later than 1 year and not later than 5 years	<u>102,987</u>	<u>224,318</u>	<u>—</u>	<u>—</u>
	<u>228,135</u>	<u>488,669</u>	<u>—</u>	<u>—</u>

The TALL Group of Companies Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

32. Other financial commitments

The Company has entered into a cross guarantee with its subsidiaries, TALL Security Print Limited, Checkprint Limited and DLRT Limited. The maximum liability that would be due on this at 31 December 2020 was £203,291 (2019: £357,394).

33. Related party transactions

Group

The Group has no transactions or balances with related parties other than Directors' remunerations as disclosed in note 8. The Directors do not consider there to be any members of key management personnel other than the statutory directors, the disclosures of key management remuneration can therefore be found in Note 8, excluding employer national insurance costs.