

**U.P.S SYSTEMS PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2017**

**RPG CROUCH CHAPMAN LLP**  
Chartered Accountants  
62 Wilson Street  
London  
EC2A 2BU



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U.P.S SYSTEMS PLC

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COMPANY INFORMATION

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Directors	John B Peers Paul Anderson Jack G Ogden
Registered number	02784286
Registered office	Unit 71 Shrivenham Hundred Business Park Watchfield Swindon SN6 8TY
Independent auditors	RPG Crouch Chapman LLP Chartered Accountants & Statutory Auditors 62 Wilson Street London EC2A 2BU
Bankers	Barclays Bank PLC Leicester Leicestershire LE87 2BB

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U.P.S SYSTEMS PLC

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U.P.S SYSTEMS PLC

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STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2017

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Introduction

The directors present their strategic report on the company for the year ended 30 June 2017.

Business review

The principal activity of the Company continues to be that of provision of sale, installation and maintenance of uninterruptible power supplies and equipment. UPS Systems PLC is a UK registered Public Company with its headquarters based in Swindon.

During the year, the directors focused on improving the profitability business and are pleased to report steady turnover and improved gross profit margin.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Company and the board and management team take on an important oversight role in this regard.

The Company has developed a framework for identifying the risks that each business sector, and the Company as a whole, is exposed to and their impact on the company's financial position.

This process is managed by the Company Finance Department to establish our capital requirements and to ensure we have the financial strength, capital adequacy and liquidity to support the growth of the business.

The principal risks to our business arise from inaccurate job costing and the very competitive nature of the industry.

Financial key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Company by reference to the following KPIs:

	2017	2016
	£	£
Turnover	3.8m	4.2m
Operating profit	199k	157k

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This report was approved by the board on **14 DEC 2017** and signed on its behalf.

  
.....  
**John B Peers**  
Director

DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2017

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The directors present their report and the financial statements for the year ended 30 June 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £160,045 (2016 - £125,646).

The company has net assets of £736,210 at 30 June 2017 (30 June 2016, net assets : £576,165).

Directors

The directors who served during the year were:

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John B Peers  
Paul Anderson  
Jack G Ogden

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U.P.S SYSTEMS PLC

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017

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Future developments

The company continues to develop UK and overseas operations and is confident that expected that the ongoing Brexit negotiations with the EU will not adversely affect its trade.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, RPG Crouch Chapman LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on

**14 DEC 2017**

and signed on its behalf.



John B Peers  
Director

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF U.P.S SYSTEMS PLC

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Opinion

We have audited the financial statements of U.P.S Systems PLC for the year ended 30 June 2017, set out on pages 7 to 24. 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).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
  - the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF U.P.S SYSTEMS PLC  
(CONTINUED)

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Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the 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.

Opinion 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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



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U.P.S SYSTEMS PLC

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF U.P.S SYSTEMS PLC  
(CONTINUED)

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Responsibilities of directors

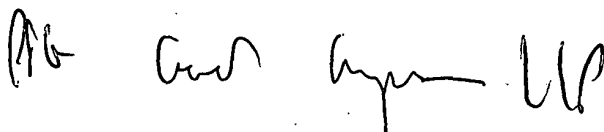
As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the 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.

Auditors' 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 Auditors' 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditors' Report.



Paul Randall BA ACA (Senior Statutory Auditor)

for and on behalf of  
RPG Crouch Chapman LLP

Chartered Accountants & Statutory Auditors

62 Wilson Street  
London  
EC2A 2BU

Date: 18 DEC 2017

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U.P.S SYSTEMS PLC

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017

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	Note	2017 £	2016 £
Turnover	4	3,786,244	4,084,089
Cost of sales		(2,713,006)	(2,892,335)
Gross profit		1,073,238	1,191,754
Administrative expenses		(875,205)	(1,110,770)
Other operating income	5	1,306	75,793
Operating profit	6	199,339	156,777
Interest receivable and similar income	10	-	170
Profit before tax		199,339	156,947
Tax on profit	11	(39,294)	(31,301)
Profit for the financial year		160,045	125,646
Other comprehensive income for the year			
Total comprehensive income for the year		160,045	125,646

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 12 to 24 form part of these financial statements.

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U.P.S SYSTEMS PLC  
REGISTERED NUMBER:02784286

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BALANCE SHEET  
AS AT 30 JUNE 2017

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	Note	2017 £	2016 £
Current assets			
Stocks	13	350	-
Debtors: amounts falling due after more than one year	14	838,353	-
Debtors: amounts falling due within one year	14	820,240	1,008,780
Cash at bank and in hand	15	145,971	693,758
		<u>1,804,914</u>	<u>1,702,538</u>
Creditors: amounts falling due within one year	16	(1,068,704)	(1,126,373)
Net current assets		<u>736,210</u>	<u>576,165</u>
Total assets less current liabilities		<u>736,210</u>	<u>576,165</u>
Net assets		<u><u>736,210</u></u>	<u><u>576,165</u></u>
Capital and reserves			
Called up share capital	18	50,100	50,100
Other reserves	19	4,007	4,007
Profit and loss account	19	682,103	522,058
		<u><u>736,210</u></u>	<u><u>576,165</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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**John B Peers**  
Director

Date: **14 DEC 2017**

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U.P.S SYSTEMS PLC

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

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	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016	50,100	4,007	522,058	576,165
Comprehensive income for the year				
Profit for the year	-	-	160,045	160,045
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	160,045	160,045
Total transactions with owners	-	-	-	-
At 30 June 2017	50,100	4,007	682,103	736,210

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U.P.S SYSTEMS PLC

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016

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	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2015	50,100	4,007	435,079	489,186
Comprehensive income for the year				
Profit for the year	-	-	125,646	125,646
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	125,646	125,646
Dividends: Equity capital	-	-	(38,667)	(38,667)
Total transactions with owners	-	-	(38,667)	(38,667)
At 30 June 2016	50,100	4,007	522,058	576,165

The notes on pages 12 to 24 form part of these financial statements.

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U.P.S SYSTEMS PLC

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017

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	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	160,045	125,646
Adjustments for:		
Interest received	-	(170)
Taxation charge	39,294	31,301
(Increase)/decrease in stocks	(350)	3,116
Decrease/(increase) in debtors	188,542	(99,105)
(Increase)/decrease in amounts owed by groups	(838,353)	-
Decrease in amounts owed by participating ints	-	125,658
(Decrease)/increase in creditors	(65,663)	70,842
Corporation tax (paid)	(31,302)	(41,569)
Net cash generated from operating activities	<u>(547,787)</u>	<u>215,719</u>
Cash flows from investing activities		
Interest received	-	170
Net cash from investing activities	<u>-</u>	<u>170</u>
Cash flows from financing activities		
Dividends paid	-	(38,667)
Net cash used in financing activities	<u>-</u>	<u>(38,667)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(547,787)</u>	<u>177,222</u>
Cash and cash equivalents at beginning of year	<u>693,758</u>	<u>516,536</u>
Cash and cash equivalents at the end of year	<u><u>145,971</u></u>	<u><u>693,758</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>145,971</u>	<u>693,758</u>
	<u><u>145,971</u></u>	<u><u>693,758</u></u>

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The notes on pages 12 to 24 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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1. General information

UPS Systems PLC is a company domiciled in England and Wales, registration number 02784286. The registered office is Unit 71, Shrivenham Hundred Business Park, Majors Road, Watchfield, Swindon, England, SN6 8TY. The company provides uninterruptible power supply, generators and maintenance services to its customers.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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2. Accounting policies (continued)

Revenue

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. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract 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 under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Research and development costs

Research and development expenditure on projects for which no grant income is received is written off as incurred.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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2. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out and weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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2. Accounting policies (continued)

Financial instruments (continued)

each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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 the liability simultaneously.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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2. Accounting policies (continued)

Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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2. Accounting policies (continued)

Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Estimated useful lives and residual values of fixed assets**

Depreciation of tangible and intangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the Directors. Estimated useful lives and residual values are reviewed annually and will be revised as appropriate.

**Revenue Recognition**

Revenue recognised in regards to maintenance services related to contracts which could spread over multiple periods. The Director's calculated the percentage of the contracts they deemed to be complete and recognised a corresponding amount of the related revenue.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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4. Turnover

	2017 £	2016 £
Turnover	3,786,244	4,084,089
	<u>3,786,244</u>	<u>4,084,089</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,783,185	4,023,733
Rest of Europe	-	3,837
Rest of the world	3,059	56,519
	<u>3,786,244</u>	<u>4,084,089</u>

5. Other operating income

	2017 £	2016 £
Net rents receivable	-	52,460
Sundry income	1,306	23,333
	<u>1,306</u>	<u>75,793</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Research & development charged as an expense	-	4,286
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,725	22,720
Exchange differences	-	695
Other operating lease rentals	42,045	75,259
	<u>42,045</u>	<u>75,259</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>11,725</u>	<u>22,720</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	518,240	645,576
Social security costs	47,085	64,641
	<u>565,325</u>	<u>710,217</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Sales and service	13	15
Marketing	-	2
Other departments	4	6
	<u>17</u>	<u>23</u>

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	58,000	15,930
	<u>58,000</u>	<u>15,930</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

10. Interest receivable

	2017 £	2016 £
Other interest receivable	-	170
	<u>-</u>	<u>170</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	39,294	31,301
	<u>39,294</u>	<u>31,301</u>
Total current tax	<u>39,294</u>	<u>31,301</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>39,294</u>	<u>31,301</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>199,339</u>	<u>156,947</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	39,369	31,389
Effects of:		
Expenses not deductible for tax purposes	17	25
Capital allowances for year in excess of depreciation	(92)	(113)
Total tax charge for the year	<u>39,294</u>	<u>31,301</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

11. Taxation (continued)

Factors that may affect future tax charges

Reductions to the UK Corporation tax rates were substantially enacted as part of the Finance Bill (No 2) 2015 on 18 November 2015. This reduced the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

A further reduction to the UK corporation tax was announced in the March 2016 budget reducing the main rate to 17% from 1 April 2020.

12. Dividends

	2017 £	2016 £
Dividends on ordinary shares	-	38,667
	<u>-</u>	<u>38,667</u>

13. Stocks

	2017 £	2016 £
Finished goods and goods for resale	350	-
	<u>350</u>	<u>-</u>

14. Debtors

	2017 £	2016 £
Due after more than one year		
Amounts owed by group undertakings	838,353	-
	<u>838,353</u>	<u>-</u>
Due within one year		
Trade debtors	487,630	642,001
Other debtors	35,491	41,579



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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14. Debtors (continued)

Prepayments and accrued income	297,119	325,200
	<u>820,240</u>	<u>1,008,780</u>

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	145,971	693,758
	<u>145,971</u>	<u>693,758</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	349,081	379,322
Corporation tax	39,293	31,301
Other taxation and social security	42,106	40,891
Other creditors	-	1,767
Accruals and deferred income	638,224	673,092
	<u>1,068,704</u>	<u>1,126,373</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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17. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	145,971	693,758
Financial assets that are debt instruments measured at amortised cost	1,361,474	683,580
	<u>1,507,445</u>	<u>1,377,338</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(550,596)	(625,919)
	<u>(550,596)</u>	<u>(625,919)</u>

Financial assets measured at amortised cost comprise of trade debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accrued expenses.

18. Share capital

	2017 £	2016 £
<u>Shares classified as equity</u>		
<u>Allotted, called up and fully paid</u>		
50,000 Ordinary A Shares shares of £1 each	50,000	50,000
100 Ordinary B Shares shares of £1 each	100	100
	<u>50,100</u>	<u>50,100</u>

19. Reserves

**Profit and loss account**

Profit and loss account includes all current period retained profits.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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20. Commitments under operating leases

At 30 June 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Premises		
Later than 1 year and not later than 5 years	-	30,000
	<u>-</u>	<u>30,000</u>

21. Controlling party

The ultimate parent company is Data Centre Response Limited, a company registered in England and Wales under company number 07960658.

Copies of the parent undertaking can be obtained from the company's registered office Unit 71, Shrivensham Hundred Business Park, Majors Road, Watchfield, Swindon, England, SN6 8TY.