

Company Registration No. 07753328 (England and Wales)

**Technology Solutions Group Limited**  
**Annual Report And Financial Statements**  
**For The Year Ended 31 August 2020**

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J D Marsden Mr D Marsden Ms R M Atkinson Mrs C S Cawthorne Mr B J G Mitton
<b>Company number</b>	07753328
<b>Registered office</b>	The Tannery 91 Kirkstall Road Leeds LS3 1HS
<b>Auditor</b>	Garbutt & Elliott Audit Limited 33 Park Place Leeds LS1 2RY

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# TECHNOLOGY SOLUTIONS GROUP LIMITED

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# TECHNOLOGY SOLUTIONS GROUP LIMITED

## **DIRECTORS' REPORT** **FOR THE YEAR ENDED 31 AUGUST 2020**

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The directors present their annual report and financial statements for the year ended 31 August 2020.

### **Principal activities**

The principal activity of the company continued to be that of the supply and maintenance of telecommunication systems.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J D Marsden

Mr D Marsden

Ms R M Atkinson

Mrs C S Cawthorne

Mr N R Deacon Elliott

(Resigned 25 March 2020)

Mr B J G Mitton

### **Auditor**

The auditor, Garbutt & Elliott Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr J D Marsden

**Director**

Mr B J G Mitton

**Director**

29 January 2021

## **TECHNOLOGY SOLUTIONS GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 and then apply them consistently;
- make judgements 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.

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNOLOGY SOLUTIONS GROUP LIMITED

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### Opinion

We have audited the financial statements of Technology Solutions Group Limited (the 'company') for the year ended 31 August 2020 which comprise the profit and loss account, the balance sheet and notes to the financial statements, 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 company's affairs as at 31 August 2020 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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

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.

### 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 auditor's report thereon. 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 our audit:

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

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TECHNOLOGY SOLUTIONS GROUP LIMITED

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### 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 directors' report.

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

### Responsibilities of directors

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

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

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

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

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Jessica Lawrence (Senior Statutory Auditor)**  
for and on behalf of Garbutt & Elliott Audit Limited

29 January 2021

**Chartered Accountants**  
**Statutory Auditor**

33 Park Place  
Leeds  
LS1 2RY

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	2019 £
<b>Turnover</b>		5,497,607	4,323,740
Cost of sales		(2,397,560)	(2,039,957)
<b>Gross profit</b>		3,100,047	2,283,783
Administrative expenses excluding depreciation and amortisation		(2,176,923)	(1,741,233)
Other operating income		83,571	48,879
<b>Operating profit before depreciation and amortisation</b>		1,006,695	591,429
Depreciation	5	(6,537)	(6,702)
Amortisation	4	(267,587)	(93,600)
Impairments	4	-	(93,744)
<b>Operating profit</b>		732,571	397,383
Interest receivable and similar income		65,788	109,373
Interest payable and similar expenses		(204,209)	(96,013)
Amounts written off investments		(44,541)	(166,501)
<b>Profit before taxation</b>		549,609	244,242
Tax on profit		(83,251)	(75,357)
<b>Profit for the financial year</b>		466,358	168,885



# TECHNOLOGY SOLUTIONS GROUP LIMITED

## BALANCE SHEET AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Goodwill	4	113,734		135,911	
Other intangible assets	4	1,283,918		1,476,094	
Intangible assets	4	1,397,652		1,612,005	
Tangible assets	5	47,573		43,583	
Investments	6	92,000		136,541	
		1,537,225		1,792,129	
<b>Current assets</b>					
Stocks		25,949		6,049	
Debtors falling due after more than one year					
	7	269,536		293,173	
Debtors falling due within one year	7	1,373,736		1,278,713	
Cash at bank and in hand		763,312		324,066	
		2,432,533		1,902,001	
<b>Creditors: amounts falling due within one year</b>	8	(2,062,122)		(1,808,201)	
<b>Net current assets</b>		370,411		93,800	
<b>Total assets less current liabilities</b>		1,907,636		1,885,929	
<b>Creditors: amounts falling due after more than one year</b>	9	(1,119,706)		(1,455,504)	
<b>Provisions for liabilities</b>		(214,000)		(232,268)	
<b>Net assets</b>		573,930		198,157	
<b>Capital and reserves</b>					
Called up share capital		3,093		3,093	
Share premium account		17,632		17,632	
Profit and loss reserves		553,205		177,432	
<b>Total equity</b>		573,930		198,157	

## **TECHNOLOGY SOLUTIONS GROUP LIMITED**

### **BALANCE SHEET (CONTINUED) AS AT 31 AUGUST 2020**

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These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 January 2021 and are signed on its behalf by:

Mr J D Marsden  
**Director**

Mr B J G Mitton  
**Director**

**Company Registration No. 07753328**

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

#### Company information

Technology Solutions Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Tannery, 91 Kirkstall Road, Leeds, LS3 1HS.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Going concern

The directors have considered all factors, including in the wider economy, as part of their assessment of going concern. Although the current economic climate, due to Covid-19, creates both cashflow and profitability risks for the company, the directors believe on balance that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements. Budgets and cash flow forecasts have been prepared showing the business in a strong position. The directors have taken advantage of government support including CBILS loan subsequent to the year end, payment deferrals and the job retention scheme to help manage cash flow. Other practical provisions have been made to manage the changing environment including redundancies and the closure of the York office, these measures are to ensure that costs savings are made where possible. Accordingly, these financial statements have been prepared on the going concern basis.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for telecommunication and technology goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of telecommunication and technology goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Licences	10 years straight line
Customer contracts	7 to 10 years straight line

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	15% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

### 1 Accounting policies

(Continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

## TECHNOLOGY SOLUTIONS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

#### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 39 (2019 - 32).

#### 3 Impairments

Impairments have been recognised in the Profit and Loss Account as follows:

	Notes	2020 £	2019 £
In respect of:			
Goodwill	4	-	7,153
Intangible assets	4	-	79,904
Fixed asset investments	6	44,541	173,188

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

#### 4 Intangible fixed assets

	Goodwill £	Licences £	Customer contracts £	Total £
<b>Cost</b>				
At 1 September 2019	143,064	426,513	1,629,613	2,199,190
Additions	-	61,820	-	61,820
At 31 August 2020	143,064	488,333	1,629,613	2,261,010
<b>Amortisation and impairment</b>				
At 1 September 2019	7,153	127,085	452,947	587,185
Amortisation charged for the year	13,591	54,464	199,532	267,587
Impairment losses	8,586	-	-	8,586
At 31 August 2020	29,330	181,549	652,479	863,358
<b>Carrying amount</b>				
At 31 August 2020	113,734	306,784	977,134	1,397,652
At 31 August 2019	135,911	299,428	1,176,666	1,612,005

Customer contracts relate to those contracts which have been acquired by the company. The value of these contracts was determined by reference to the present value of estimated free cash flows associated with the acquired contracts, which have an estimated useful life of 7 to 10 years. The goodwill represents the excess paid over identifiable net assets on acquisitions, and has an estimated useful life of 10 years.

During the year, a supplier changed the contractual terms of one of the licence types resulting in an increase in the periodic consumption of those licences. As a result, there is an increase in amortisation of £13,874 in the current year on these licences, and an estimated expected increase in amortisation of approximately £78,500 and £64,600 in the next two financial years respectively to reflect this change.



# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

### 5 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 September 2019	78,083
Additions	10,527
	<hr/>
At 31 August 2020	88,610
	<hr/>
<b>Depreciation and impairment</b>	
At 1 September 2019	34,500
Depreciation charged in the year	6,537
	<hr/>
At 31 August 2020	41,037
	<hr/>
<b>Carrying amount</b>	
At 31 August 2020	47,573
	<hr/>
At 31 August 2019	43,583
	<hr/>

### 6 Fixed asset investments

	2020 £	2019 £
Shares in group undertakings and participating interests	92,000	136,541
	<hr/>	<hr/>

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 September 2019 & 31 August 2020	309,729
	<hr/>
<b>Impairment</b>	
At 1 September 2019	173,188
Impairment losses	44,541
	<hr/>
At 31 August 2020	217,729
	<hr/>
<b>Carrying amount</b>	
At 31 August 2020	92,000
	<hr/>
At 31 August 2019	136,541
	<hr/>

# TECHNOLOGY SOLUTIONS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

<b>7 Debtors</b>		
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	62,505	131,414
Other debtors	1,311,231	1,147,299
	<u>1,373,736</u>	<u>1,278,713</u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due after more than one year:</b>		
Other debtors	269,536	293,173
	<u>269,536</u>	<u>293,173</u>
<b>Total debtors</b>	<u>1,643,272</u>	<u>1,571,886</u>
<b>8 Creditors: amounts falling due within one year</b>		
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans	296,874	317,707
Trade creditors	255,215	313,594
Amounts owed to group undertakings	54,154	89,224
Taxation and social security	859,223	508,481
Other creditors	596,656	579,195
	<u>2,062,122</u>	<u>1,808,201</u>
<b>9 Creditors: amounts falling due after more than one year</b>		
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans	1,119,706	1,455,504
	<u>1,119,706</u>	<u>1,455,504</u>

The aggregate amount of security on creditors incurred in the year amounted to £1,475,185 (2019 - £1,850,856).

## TECHNOLOGY SOLUTIONS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

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#### 10 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2020	2019
£	£
226,431	77,882
<u>226,431</u>	<u>77,882</u>

#### 11 Related party transactions

The company's loan borrowings are partially secured by a personal guarantees from two directors of the company.

## TECHNOLOGY SOLUTIONS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

#### 12 Directors' transactions

The above balances are included in debtors; other debtors.

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Amounts written off £	Closing balance £
Mr D Marsden	2.50	101,048	81,300	3,360	-	-	185,708
Mr D Marsden	9.65	310,856	-	28,950	-	-	339,806
Mr J D Marsden	9.65	310,856	-	28,950	-	-	339,806
Mr J D Marsden	2.50	106,582	169,176	3,209	(50,000)	-	228,967
Mr N R Deacon Elliott	2.50	72,729	17,948	1,281	(90,585)	(1,373)	-
		902,071	268,424	65,750	(140,585)	(1,373)	1,094,287

## TECHNOLOGY SOLUTIONS GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

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#### 13 Subsidiaries

Details of the company's subsidiaries at 31 August 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Exchange Communications Network Services Limited	England & Wales	Non-trading	Ordinary	100.00
Local Telecom Service Limited	England & Wales	Telecommunication services	Ordinary	100.00
Talk AI Limited	England & Wales	Dormant	Ordinary	100.00

The registered office for subsidiary undertakings is The Tannery, 91 Kirkstall Road, Leeds, LS3 1HS.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.