

Business Critical Solutions Limited

Annual Report and Unaudited

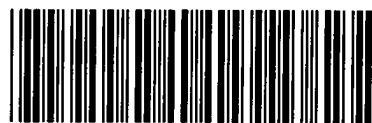
Financial Statements

Year Ended

31 December 2019

Company Number 10230390

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Business Critical Solutions Limited

Company Information

Directors	S R Whatling J A Hart S A Shearer J C Barton
Company secretary	J C Barton
Registered number	10230390
Registered office	Old Barn House Effingham Common Road Effingham Leatherhead Surrey KT24 5JG
Accountants	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD
Bankers	Lloyds Bank plc 11 High Street Horley Surrey RH6 7BJ

Business Critical Solutions Limited

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Business Critical Solutions Limited

Strategic Report For the Year Ended 31 December 2019

The Directors submit their Strategic Report together with the financial statements of Business Critical Solutions Limited ("BCS") for the year ended 31 December 2019.

Business review

The Directors are delighted to present the accounts for the year ended 31 December 2019 which show turnover growing to £2.4m at strong EBITDA margin of almost 25%. Our range of services remains attractive to the market and our reputation for quality delivery has helped secure new customers to the existing base both in the UK and Europe. Customer feedback is exceptionally positive and recognises BCS's market leading expertise. Our client retention remains exceptionally high and recognises that the services that BCS provide are considered highly influential in the successful delivery of some of the UK's most prestigious data centre projects. We have attracted both new employees and contracted resource that are well regarded as sector specialists. 2019 saw BCS launch our apprenticeship scheme and we have recruited the first cohort of many apprentices destined to become the next generation of specialist consultants. BCS strives to continually evolve and improve, thereby remaining the trusted advisor for many data centre owners, developers and users.

The Directors are also pleased to report their successful Management Buy Out during the year, resulting in the formation of Business Critical Solutions Group Limited which purchased the entire share capital of Business Critical Solutions Limited (BCS) in April 2019. The Directors of BCS are all Directors and shareholders of its new parent company, which will invest to support the Company's continued growth but also facilitate the creation of an international network of businesses intended to serve the key data centre markets across Europe. Since the change in control BCS has increased its issued share capital, whilst the Directors have solidified their support for the new group with injections of share capital and long term loans to the parent company.

Investment in the business continues to ensure that BCS remains at the forefront of technological developments in the data centre industry. In 2019 the Company has invested further in market leading systems to deliver efficiencies and enable our consultants to focus on the value-added quality of their work.

Future developments

We continue to forecast revenue targets conservatively but remain optimistic about the medium to long term opportunities available to us. We are focused on maintaining strong cash reserves - cash on hand at 31 December 2019 stood at in excess of £240,000.

Existing commitments from customers already exceed £1.3m, again representing a healthy line of business to take into the next financial year and indicating that the growth of the previous years will be matched. When allied with several opportunities in new markets, BCS has every confidence that the outlook is exceptionally positive for 2020 and beyond.

Principal risks and uncertainties

The data centre market remains fragmented with competition from many sectors, however, few competitors offer the expertise in this niche market that BCS brings, allied to the personal involvement of the Directors of the business. The Company will continue to develop its skillset to deliver highly innovative and efficient offerings that deliver value for money and significant reductions to the total cost of ownership for our customers.

Ongoing uncertainty remains on the impact of BREXIT on the data centre industry with regards to storage and privacy of data, however whatever the outcomes we believe that BCS is well positioned and agile enough to take advantages of the opportunities that may arise, both in the UK and rest of Europe.

BCS will continue to focus on robust financial and project cost management to maintain liquidity and to minimise credit risk by assessing contractual commitments and client financial stability at an early stage.

Business Critical Solutions Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Employee involvement

The Company's employees are the key to our success. We have programmes in place for ongoing staff development and incentive schemes, as well as creating an excellent working environment to ensure that we retain our best talent. Employees are actively involved in the business to ensure that ideas for service offering development are captured. Health and Safety regulations are met and exceeded in every aspect of business and there is regular interaction between the Board and employees to ensure that information flows fluidly up and down the organisation.

The Company regularly reviews its equal opportunity and dignity at work policies to ensure that vacancies are filled on a non discriminatory basis and that existing employees benefit from a positive and supportive environment.

The Company has and enforces an Anti-bribery and Corruption Policy to ensure we meet all our legislative and moral obligations.

Key performance indicators

The Company measures its performance against the following KPIs:

	31 December 2019 £	31 December 2018 £
Turnover	2,446,375	1,603,504
Operating EBITDA	598,287	447,514

This report was approved by the board on

and signed on its behalf.

S R Whatling
Director

Business Critical Solutions Limited

Directors' Report For the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The Company's principal activity during the year was the provision of business advisory, project management, cost management and IT asset consultancy services to the data centre market.

Results and dividends

The profit for the year, after taxation, amounted to £441,923 (2018 - £343,471).

Final dividends of £35,868 were paid to Ordinary "A" shareholders in respect of the previous year (2018 - £Nil). Interim dividends of £200,000 were paid to Ordinary "B" shareholders in the year (2018 - £200,000). The Directors do not propose payment of a final dividend in respect of the year ended 31 December 2019.

Directors

The Directors who served during the year were:

S R Whatling
J A Hart
S A Shearer
J C Barton

Information given in the Strategic Report

Information regarding likely future developments and employee involvement has been provided within the Strategic Report on pages 1 to 2.

Financial instruments

Credit risk

The Company has experience with all its existing customers and has agreed credit terms on a case by case basis. Some sales are subject to supply agreements. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

Liquidity risk

Where needed the Company manages liquidity risk through overdraft and invoice discounting facilities.

Interest rate risk

The Company has no extra-Group borrowings and therefore no exposure to cash flow interest rate risk.

Foreign exchange risk

The Company is predominantly not exposed to currency risk as all sales, even those to customers based outside of the UK, and all purchases are transacted in GBP. There are currently no specific measures in place to mitigate the risk of future currency exposure other than keen price negotiation by the Company's very experienced procurement team.

Business Critical Solutions Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Post balance sheet events

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

This report was approved by the board on 5th MARCH 2020 and signed on its behalf.



S R Whatling
Director

Business Critical Solutions Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Business Critical Solutions Limited

Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Financial Statements of Business Critical Solutions Limited for the Year Ended 31 December 2019

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Business Critical Solutions Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

It is your duty to ensure that Business Critical Solutions Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Business Critical Solutions Limited. You consider that Business Critical Solutions Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Business Critical Solutions Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Business Critical Solutions Limited, as a body, in accordance with the terms of our engagement letter dated 10 March 2017. Our work has been undertaken solely to prepare for your approval the accounts of Business Critical Solutions Limited and state those matters that we have agreed to state to the board of directors of Business Critical Solutions Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Business Critical Solutions Limited and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
Guildford
United Kingdom

Date: 6 March 2020

BDO LLP is a limited liability partnership in England and Wales (with registered number OC305127)

Business Critical Solutions Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

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

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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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Business Critical Solutions Limited

Registered number:10230390

Balance Sheet As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	12		69,981		-
Tangible assets	13		19,256		23,300
			<u>89,237</u>		<u>23,300</u>
Current assets					
Debtors: amounts falling due within one year	14	990,361		409,924	
Cash at bank and in hand	15	246,125		430,744	
		<u>1,236,486</u>		<u>840,668</u>	
Creditors: amounts falling due within one year	16	(517,786)		(300,275)	
Net current assets			<u>718,700</u>		<u>540,393</u>
Total assets less current liabilities			<u>807,937</u>		<u>563,693</u>
Creditors: amounts falling due after more than one year	17		(39,189)		(300,000)
Net assets			<u><u>768,748</u></u>		<u><u>263,693</u></u>
Capital and reserves					
Called up share capital	21	300,000		1,000	
Profit and loss account	22	468,748		262,693	
Total equity			<u><u>768,748</u></u>		<u><u>263,693</u></u>

The Directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5th MARCH 2020


S R Whatling
Director

The notes on pages 13 to 29 form part of these financial statements.

Business Critical Solutions Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1,000	262,693	263,693
Comprehensive income for the year			
Profit for the year	-	441,923	441,923
Total comprehensive income for the year	-	441,923	441,923
Contributions by and distributions to owners			
Dividends: Equity capital	-	(235,868)	(235,868)
Shares issued during the year	299,000	-	299,000
Total transactions with owners	299,000	(235,868)	63,132
At 31 December 2019	300,000	468,748	768,748

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,000	119,222	120,222
Comprehensive income for the year			
Profit for the year	-	343,471	343,471
Total comprehensive income for the year	-	343,471	343,471
Contributions by and distributions to owners			
Dividends: Equity capital	-	(200,000)	(200,000)
Total transactions with owners	-	(200,000)	(200,000)
At 31 December 2018	1,000	262,693	263,693

The notes on pages 13 to 29 form part of these financial statements.

Business Critical Solutions Limited

Statement of Cash Flows For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	441,923	343,471
Adjustments for:		
Amortisation of intangible assets	25,193	-
Depreciation of tangible assets	13,353	6,407
Interest paid	4,698	18,000
Interest received	(190)	(1,100)
Taxation charge	113,310	80,736
Increase in debtors	(253,242)	(156,769)
Increase in amounts owed by group undertakings	(327,194)	-
Increase in creditors	179,638	108,173
(Decrease)/increase in amounts owed to group undertakings	(25,465)	25,465
Corporation tax paid	(83,564)	(51,008)
Net cash generated from operating activities	88,460	373,375
Cash flows from investing activities		
Purchase of intangible fixed assets	(22,394)	-
Purchase of tangible fixed assets	(9,309)	(26,796)
Interest received	190	1,100
Net cash from investing activities	(31,513)	(25,696)

Business Critical Solutions Limited

Statement of Cash Flows (continued) For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from financing activities		
Issue of ordinary shares	299,000	-
Repayment of other loans	(300,000)	-
Dividends paid	(235,868)	(200,000)
Interest paid	(4,698)	(18,000)
Net cash used in financing activities	(241,566)	(218,000)
Net (decrease)/increase in cash and cash equivalents	(184,619)	129,679
Cash and cash equivalents at beginning of year	430,744	301,065
Cash and cash equivalents at the end of year	246,125	430,744
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	246,125	430,744

The notes on pages 13 to 29 form part of these financial statements.

Business Critical Solutions Limited

Statement of Cash Flows (continued) For the Year Ended 31 December 2019

Analysis of Net Debt

	At 1 January 2019 £	Cash flows £	New finance leases £	At 31 December 2019 £
Cash at bank and in hand	430,744	(184,619)	-	246,125
Debt due after 1 year	(300,000)	300,000	-	-
Debt due within 1 year	-	-	-	-
Finance leases	-	-	(72,780)	(72,780)
	<u>130,744</u>	<u>115,381</u>	<u>(72,780)</u>	<u>173,345</u>

The notes on pages 13 to 29 form part of these financial statements.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Business Critical Solutions Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activities are given in the Directors' Report.

2. Accounting policies

2.1 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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents the amounts receivable, net of Value Added Tax, of goods sold and services provided to customers.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts is recognised by reference to the stage of completion. Turnover in respect of on-going services is recognised evenly over the duration of the contract.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software licenses	-	35 % straight line
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Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

The estimated useful lives range as follows:

Equipment	- 2 - 4 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Impairments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. All impairment losses are recognised in the Statement of Comprehensive Income.

2.6 Long-term contracts

Long-term contracts are assessed on a contract-by-contract basis and reflected in the Statement of Comprehensive Income by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty.

The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover and long-term contract balances, the excess is included as a creditor. The amount of long-term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

2.7 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.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 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.

2.9 Financial instruments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are initially measured at transaction price and subsequently held at amortised cost. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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

2.10 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.

2.11 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.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 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.

2.14 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.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.18 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Stage of completion on long-term contracts (see note 2.2 and 2.6)
In determining the amounts of income and profits on long-term contracts to be recognised in the financial year, factors such as costs incurred to date, estimated costs to complete, risks associated with the contract and past experience of similar contracts are considered.
- Intangible and tangible fixed assets (see notes 12 and 13)
Intangible and tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	1,826,935	1,087,480
Rest of Europe	619,440	516,024
	<u>2,446,375</u>	<u>1,603,504</u>

The turnover and profit before tax are attributable to the one principal activity of the Company.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Amortisation	25,193	-
Depreciation	13,353	6,407
Defined contribution pension cost	55,386	35,698
Operating lease rentals	42,617	38,746
	<u>136,549</u>	<u>80,851</u>

6. Employees

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

	2019 £	2018 £
Wages and salaries	645,939	383,467
Social security costs	67,036	33,319
Cost of defined contribution scheme	55,386	35,698
	<u>768,361</u>	<u>452,484</u>

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

	2019 No.	2018 No.
Directors	4	4
Consultants	7	3
Administrators	1	-
	<u>12</u>	<u>7</u>

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	106,500	73,000
Company contributions to defined contribution pension schemes	27,200	20,000
	<u>133,700</u>	<u>93,000</u>

During the year retirement benefits were accruing to 3 Directors (2018 - 2) in respect of defined contribution pension schemes.

The Directors consider that the key management personnel of the Company comprises the Directors. Compensation to key management personnel totals £143,577 (2018 - £100,972) and includes social security costs of £9,877 (2018 - £7,972) in addition to the remuneration disclosed above.

8. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	<u>190</u>	<u>1,100</u>

9. Interest payable and similar expenses

	2019 £	2018 £
Interest on shareholder loan	<u>4,698</u>	<u>18,000</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits of the year	113,310	83,565
Adjustments in respect of previous periods	-	(2,829)
Total current tax	<u>113,310</u>	<u>80,736</u>

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	555,233	424,207
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	105,494	80,599
Effects of:		
Expenses not deductible for tax purposes	6,214	8,161
Depreciation for year in excess of capital allowances	(872)	(3,201)
Income not taxable for tax purposes	(647)	-
Adjustments to tax charge in respect of prior periods	-	(2,829)
Adjustments to tax charge in respect of prior periods - deferred tax	2,884	-
Other timing differences	237	(1,994)
Total tax charge for the year	113,310	80,736

Factors that may affect future tax charges

With effect from 1 April 2020, the UK corporate tax rate will be reduced to 17%. This change, which was announced in the March 2015 budget and affirmed in the March 2016 budget, will have no significant impact on these financial statements.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Dividends

	2019 £	2018 £
Ordinary "A"		
Final dividend of £70.33 (2018 - £Nil) per share	35,868	-
Ordinary "B"		
Interim dividend of £Nil (2018 - £408.16) per share	-	200,000
Ordinary		
Interim dividend of £0.67 (2018 - £Nil) per share	200,000	-
	<u>235,868</u>	<u>200,000</u>

The Directors propose payment of a final dividend of £Nil in respect of the year ended 31 December 2019 to Ordinary "A" shareholders (2018 - £35,868).

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Intangible assets

	Software licenses £
Cost	
Additions	95,174
At 31 December 2019	95,174
Amortisation	
Charge for the year	25,193
At 31 December 2019	25,193
Net book value	
At 31 December 2019	69,981
At 31 December 2018	-

Included within the net book value of £69,981 (2018 - £Nil) is £69,981 (2018 - £Nil) relating to assets held under finance lease arrangements. The amortisation charged in the year in respect of these assets amounted to £25,193 (2018 - £Nil).

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Tangible fixed assets

	Equipment £
Cost	
At 1 January 2019	33,451
Additions	9,309
At 31 December 2019	<u>42,760</u>
Depreciation	
At 1 January 2019	10,151
Charge for the year on owned assets	13,353
At 31 December 2019	<u>23,504</u>
Net book value	
At 31 December 2019	<u>19,256</u>
At 31 December 2018	<u>23,300</u>

14. Debtors

	2019 £	2018 £
Trade debtors	410,518	342,414
Amounts owed by group undertakings	327,194	-
Other debtors	109,546	32,709
Prepayments and accrued income	76,101	34,801
Amounts recoverable on long term contracts	67,002	-
	<u>990,361</u>	<u>409,924</u>

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

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>246,125</u>	<u>430,744</u>

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	141,496	58,142
Amounts owed to group undertakings	-	25,465
Corporation tax	113,311	83,565
Other taxation and social security	81,085	36,446
Obligations under finance lease and hire purchase contracts	33,591	-
Other creditors	15,176	7,157
Accruals and deferred income	133,127	89,500
	<u>517,786</u>	<u>300,275</u>

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

17. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Loan from shareholder	-	300,000
Net obligations under finance leases and hire purchase contracts	39,189	-
	<u>39,189</u>	<u>300,000</u>

The loan from shareholder accrued interest at a rate of 6% per annum and this loan was fully repaid during the year.

18. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due 2-5 years		
Loan from shareholder	-	300,000
	<u>-</u>	<u>300,000</u>

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	33,591	-
Between 2-5 years	36,390	-
	<u>69,981</u>	<u>-</u>

20. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,160,383</u>	<u>805,867</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(362,579)</u>	<u>(480,264)</u>

Financial assets measured at amortised cost comprise cash at bank and hand, trade debtors, amounts owed by group undertakings, other debtors and amounts recoverable on long term contracts.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals, loans and obligations under finance lease and hire purchase contracts.

Information regarding the Company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' Report.

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
Nil (2018 - 510) Ordinary "A" shares of £1 each	-	510
Nil (2018 - 490) Ordinary "B" shares of £1 each	-	490
300,000 (2018 - Nil) Ordinary shares of £1 each	300,000	-
	<u>300,000</u>	<u>1,000</u>

On the 28 June 2019, the Company issued and allotted 299,000 Ordinary shares of £1.00 each at par value.

On the 28 June 2019, the Company redesignated 510 Ordinary A shares of £1.00 each and 490 Ordinary B shares of £1.00 each into 1,000 Ordinary shares of £1.00 each.

22. Reserves

The Company has the following reserves:

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £55,386 (2018 - £35,698). Contributions amounting to £10,598 (2018 - £2,796) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	49,163	34,823
Later than 1 year and not later than 5 years	124,955	172,069
Later than 5 years	-	-
	<u>174,118</u>	<u>206,892</u>

Business Critical Solutions Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

25. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 not to disclose transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

In 2016 the Company received a £300,000 loan from Asia West Group Limited. The loan had been due to be repaid on 30 June 2021 but, by mutual agreement, it was repaid during the year on 4 April 2019. Interest had accrued at a rate of 6% per annum and an amount of £4,698 (2018 - £18,000) has been reflected in the Statement of Comprehensive Income for the interest paid in the year. At the year end, an amount of £Nil (2018 - £309,000) was owed by the Company to Asia West Group Limited. The Company and Asia West Group Limited were related as Mr S Whatling and Mr J Barton is/were Directors of both companies respectively and, until 4 April 2019, Asia West Group Limited held an investment in the Company.

During the year, the brought forward loan balance of £4,964 was repaid by Mr J Hart, a Director. Further net funds of £56,832 (2018 - £4,964) were drawn and remained outstanding at the year end. The maximum amount due from Mr J Hart during the year was £56,832.

During the year, the brought forward loan balance of £27,161 was repaid by Mr S Shearer, a Director. Further net funds of £25,891 (2018 - £27,161) were drawn and remained outstanding at the year end. The maximum amount due from Mr S Shearer during the year was £25,891.

Also, during the year, net funds of £26,823 (2018 - £Nil) were drawn by Mr J Barton, a Director and remained outstanding at the year end. The maximum amount due from Mr J Barton during the year was £26,823. No interest was accrued on these Director's loan balances.

During the year the Company made payments totalling £Nil (2018 - £39,838) to Chalklands Limited on an arms' length basis. The balance owing to Chalklands Limited at the year-end was £Nil (2018 - £5,585). Mr J Barton is a Director of both Business Critical Solutions Limited and Chalklands Limited.

During the year Asia West Management Services Limited settled liabilities on behalf of the company to a value of £Nil (2018 - £3,565). Asia West Management Services Limited also passed on group administration and management services to a value of £9,000 at an arms' length basis (2018 - £34,500). There was no balance owing to Asia West Management Services Limited at the year-end, nor at the end of the prior year. The Company and Asia West Management Services Limited are related as Asia West Group Limited had a controlling interest in both companies during the year. Mr S Whatling and Mr J Barton were directors of both companies during the year. In addition during the year Mr S Whatling provided consultancy services to the company to a value of £30,000 (2018 - £Nil) on an arms' length basis, an amount which was still outstanding at the end of the year (2018 - £Nil).

During the year the Company provided services to a value of £21,000 (2018 - £Nil) to Keysource Limited on an arms length basis. The Company and Keysource Limited are related as Mr S Whatling was a director of both companies during the year.

During the year a final dividend of £35,868 was paid to the Ordinary "A" shareholder in respect of 2018. In addition, interim dividends of £200,000 (2018 - £200,000) were paid to Ordinary "B" shareholders who are also directors of the Company.

26. Controlling party

Until 4 April 2019 the immediate controlling party was Asia West Group Limited and the ultimate controlling party was Mr M West. On 4 April 2019 Business Critical Solutions Group Limited became the immediate controlling party. The directors do not consider there to be an ultimate controlling party.