

**BCS Data Centres Limited
(formerly Business Critical
Solutions Limited)**

Annual Report and Unaudited

Financial Statements

Year Ended

31 December 2021

Company Number 10230390



BCS Data Centres Limited (formerly 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

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

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BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Strategic Report For the Year Ended 31 December 2021

The Directors submit their Strategic Report together with the financial statements of BCS Data Centres Limited (formerly Business Critical Solutions Limited) ("BCS") for the year ended 31 December 2021.

Business review

Though the continuing impact of COVID19 made trading conditions challenging in 2021, the Company continued to deliver profitable revenue growth as the demand for our services continued to increase both in Europe and the UK. The Directors are delighted to present the accounts for the year ended 31 December 2021 which show turnover growing to £3.6m and EBITDA margin remaining strong at almost 26%.

This increasing demand for technology driven by global societal desire and need means that the Company's range of services remains essential and attractive to the market and our reputation for quality delivery has helped consolidate our existing and grow the new customer base in all our key markets. Customer feedback remains positive and client retention exceptionally high, recognising BCS's market leading expertise and successful delivery of multiple prestigious data centre projects. We continue to attract experienced new employees that are well regarded as sector specialists across Europe, whilst our Apprenticeship Programme continues to develop the experts of the future.

The Directors are also pleased to report the further growth of the BCS Group with the 2021 incorporations of both BCS Utilities Limited and BCS Critical Infrastructure to offer complimentary services and target similar markets.

BCS Business Critical Solutions GmbH in Frankfurt, continues to grow, posting revenues in excess of €1.6m, and BCS Italia S.r.l. was incorporated in Milan to take advantage of growing opportunities in Italy and secure a foothold in Southern Europe.

Our growth and the wish to continue to redefine our ways of working drove a move to a newly renovated and larger office space in 2021 and allows BCS to further foster its collaborative approach. The Company continues to invest in well-being programmes and mental health support for all our employees, whilst planning extensive learning and development programmes as we enter 2022.

Future developments

The Company continues to forecast revenue targets conservatively but remains optimistic about the medium to long term opportunities available. Maintaining strong cash reserves remains a priority cash on hand at 31 December 2021 stood at in excess of £385,000, even after significant investments in excess of £900,000 across new Group activities – the Group is well placed to leverage further strategic investment opportunities.

Existing commitments from customers already exceed £3m for 2022, 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 and the forecast increasing demand for technology, BCS has every confidence that the outlook is exceptionally positive for 2022 and beyond.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Strategic Report (continued) For the Year Ended 31 December 2021

Principal risks and uncertainties

The data centre market remains fragmented on a global basis with competition from many sectors, however, few competitors offer the expertise in our target markets 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 economic benefit and significant reductions to the total cost of ownership for our customers.

The full impact of BREXIT on the data centre industry remains to be seen, particularly with regards to storage and privacy of data and the ability of UK consultants to deliver services in mainland Europe as the attention shifts away from COVID. Nevertheless, we believe that the BCS Group 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.

Employee involvement

The Company's employees are the key to our success. We have newly enhanced 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 is 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 employee's 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.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Strategic Report (continued) For the Year Ended 31 December 2021

Key performance indicators

The Company measures its performance against the following KPIs:

	31 December 2021 £	31 December 2020 £
Turnover	3,613,225	2,804,729
Operating EBITDA	925,533	720,491

This report was approved by the board on 22nd MARCH 2022 and signed on its behalf.



S R Whatling
Director

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Directors' Report For the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

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 £704,087 (2020 - £547,152).

Interim dividends of £545,000 were paid to shareholders in the year (2020 - £361,769). The directors do not propose payment of a final dividend in respect of the year ended 31 December 2021.

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 have been provided within the Strategic Report on pages 1 to 3.

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.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Directors' Report (continued) For the Year Ended 31 December 2021

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 22ND MARCH 2022 and signed on its behalf.



S R Whatling
Director

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Directors' Responsibilities Statement For the Year Ended 31 December 2021

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;
- 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.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Financial Statements of BCS Data Centres Limited for the Year Ended 31 December 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of BCS Data Centres Limited (formerly Business Critical Solutions Limited) for the year ended 31 December 2021 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 practicing 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 <https://www.icaew.com/regulation/a-z>

It is your duty to ensure that BCS Data Centres Limited (formerly 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 BCS Data Centres Limited (formerly Business Critical Solutions Limited). You consider that BCS Data Centres Limited (formerly 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 BCS Data Centres Limited (formerly 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 BCS Data Centres Limited (formerly Business Critical Solutions Limited), as a body, in accordance with the terms of our engagement letter dated 21 February 2022. Our work has been undertaken solely to prepare for your approval the accounts of BCS Data Centres Limited (formerly Business Critical Solutions Limited) and state those matters that we have agreed to state to the board of directors of BCS Data Centres Limited (formerly 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 BCS Data Centres Limited (formerly 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
UK

Date: 27 April 2022

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

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	3,613,225	2,804,729
Cost of sales		(2,400,958)	(1,796,397)
Gross profit		1,212,267	1,008,332
Administrative expenses		(334,637)	(335,524)
Operating profit	5	877,630	672,808
Interest receivable and similar income		35	66
Interest payable and similar expenses	8	(2,607)	-
Profit before tax		875,058	672,874
Tax on profit	9	(170,971)	(125,722)
Profit for the financial year		704,087	547,152
Other comprehensive income for the year			
Total comprehensive income for the year		704,087	547,152

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 14 to 29 form part of these financial statements.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Registered number:10230390

Balance Sheet As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible fixed assets	11		5,916		36,390
Tangible fixed assets	12		31,684		10,532
			<u>37,600</u>		<u>46,922</u>
Current assets					
Debtors: amounts falling due after more than one year	13	299,000	-		
Debtors: amounts falling due within one year	13	1,299,322		1,012,009	
Cash at bank and in hand	14	386,828		751,924	
		<u>1,985,150</u>		<u>1,763,933</u>	
Creditors: amounts falling due within one year	15	(738,699)		(634,459)	
Net current assets			<u>1,246,451</u>		<u>1,129,474</u>
Total assets less current liabilities			<u>1,284,051</u>		<u>1,176,396</u>
Creditors: amounts falling due after more than one year	16		(170,833)		(222,265)
Net assets			<u><u>1,113,218</u></u>		<u><u>954,131</u></u>
Capital and reserves					
Called up share capital	20	300,000		300,000	
Profit and loss account	21	813,218		654,131	
			<u><u>1,113,218</u></u>		<u><u>954,131</u></u>

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Registered number:10230390

Balance Sheet (continued)

As at 31 December 2021

For the year ended 31 December 2021 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the 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
22ND MARCH 2022 .



S R Whatling
Director

The notes on pages 14 to 29 form part of these financial statements.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	300,000	654,131	954,131
Comprehensive income for the year			
Profit for the year	-	704,087	704,087
Total comprehensive income for the year	-	704,087	704,087
Contributions by and distributions to owners			
Dividends: Equity capital	-	(545,000)	(545,000)
Total transactions with owners	-	(545,000)	(545,000)
At 31 December 2021	300,000	813,218	1,113,218

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	300,000	468,748	768,748
Comprehensive income for the year			
Profit for the year	-	547,152	547,152
Total comprehensive income for the year	-	547,152	547,152
Contributions by and distributions to owners			
Dividends: Equity capital	-	(361,769)	(361,769)
Total transactions with owners	-	(361,769)	(361,769)
At 31 December 2020	300,000	654,131	954,131

The notes on pages 14 to 29 form part of these financial statements.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Statement of Cash Flows For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	704,087	547,152
Adjustments for:		
Amortisation of intangible assets	33,591	33,591
Depreciation of tangible assets	14,312	14,092
Interest paid	2,607	-
Interest received	(35)	(66)
Taxation charge	170,971	125,722
(Increase)/decrease in debtors	(153,838)	134,424
(Increase) in amounts owed by groups	(432,475)	(156,072)
Increase in creditors	56,012	71,021
Increase in amounts owed to groups	28,277	-
Corporation tax paid	(139,694)	(113,403)
Net cash generated from operating activities	283,815	656,461
Cash flows from investing activities		
Purchase of intangible fixed assets	(3,117)	-
Purchase of tangible fixed assets	(35,464)	(5,368)
Interest received	35	66
Net cash from investing activities	(38,546)	(5,302)

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Statement of Cash Flows (continued) For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from financing activities		
New secured loans	-	250,000
Repayment of loans	(29,167)	-
Net repayment of finance leases	(33,591)	(33,591)
Dividends paid	(545,000)	(361,769)
Interest paid	(2,607)	-
Net cash used in financing activities	(610,365)	(145,360)
Net (decrease)/increase in cash and cash equivalents	(365,096)	505,799
Cash and cash equivalents at beginning of year	751,924	246,125
Cash and cash equivalents at the end of year	386,828	751,924
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	386,828	751,924

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

BCS Data Centres Limited (formerly 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.

With effect from 14 October 2021, the name of the Company was changed from Business Critical Solutions Limited to BCS Data Centres Limited.

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 presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

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.

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. Turnover in respect of on-going services is recognised evenly over the duration of the contract.

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 licences	-	33 % straight line
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BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

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 to 3 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 profit or loss.

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.

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.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

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

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.

2.12 Interest income

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

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to profit or loss 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.

2.14 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.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.16 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.

2.17 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.

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.19 Taxation

Tax is recognised in profit or loss 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.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

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 intangible and 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 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 11 and 12)
Intangible and tangible fixed assets are amortised/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:

	2021 £	2020 £
United Kingdom	2,403,297	1,678,205
Rest of Europe	1,209,928	1,126,524
	<u>3,613,225</u>	<u>2,804,729</u>

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

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation	14,312	14,091
Amortisation	33,591	33,591
Defined contribution pension cost	98,175	75,101
Operating lease rentals	36,271	41,378
	<u>182,350</u>	<u>164,161</u>

6. Employees

	2021 £	2020 £
Wages and salaries	1,119,542	760,171
Social security costs	114,468	71,555
Defined contribution pension cost	98,175	75,101
	<u>1,332,185</u>	<u>906,827</u>

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

	2021 No.	2020 No.
Directors	4	4
Consultants	13	9
Administrators	2	2
	<u>19</u>	<u>15</u>

The staff costs are presented net of recharges totalling £172,032 (2020 - £Nil) to fellow Group companies for services rendered by 3 employees categorised as consultants (2020 - Nil) on their behalf. The staff costs recharged are further analysed as wages and salaries - £145,734 (2020 - £Nil), social security costs - £18,182 (2020 - £Nil) and defined contribution pension cost - £8,116 (2020 - £Nil).

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	92,000	92,000
Company contributions to defined contribution pension schemes	33,200	33,200
	<u>125,200</u>	<u>125,200</u>

During the year retirement benefits were accruing to 3 Directors (2020 - 3) 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 £133,020 (2020 - £132,570) and includes social security costs of £7,820 (2020 - £7,370) in addition to the remuneration disclosed above.

8. Interest payable and similar expenses

	2021 £	2020 £
Interest on Coronavirus Business Interruption Loan	<u>2,607</u>	<u>-</u>

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	159,425	129,944
Adjustments in respect of previous periods	11,546	(4,222)
Total current tax	170,971	125,722

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	875,058	672,874
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	166,261	127,846
Effects of:		
Fixed asset differences	(2,021)	-
Expenses not deductible for tax purposes	3,826	1,742
Group relief	-	(3,909)
Adjustments to tax charge in respect of prior periods	11,546	(4,222)
Adjustments to tax charge in respect of prior periods - Deferred tax	-	870
Deferred tax not recognised	(10,330)	3,293
Remeasurement of deferred tax for changes in tax rate	1,689	102
Total tax charge for the year	170,971	125,722

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Dividends

	2021 £	2020 £
Ordinary		
Interim dividend of £1.82 (2020 - £1.21) per share	545,000	361,769

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Intangible assets

	Software licences £
Cost	
At 1 January 2021	95,174
Additions	3,117
At 31 December 2021	<u>98,291</u>
Amortisation	
At 1 January 2021	58,784
Charge for the year	33,591
At 31 December 2021	<u>92,375</u>
Net book value	
At 31 December 2021	<u>5,916</u>
At 31 December 2020	<u>36,390</u>

Included within the net book value of £5,916 (2020 - £36,390) is £5,916 (2020 - £36,390) relating to assets held under finance lease arrangements. The amortisation charged in the year in respect of these assets amounted to £33,591 (2020 - £33,591).

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Tangible fixed assets

	Equipment £
Cost	
At 1 January 2021	42,933
Additions	35,464
At 31 December 2021	<u>78,397</u>
Depreciation	
At 1 January 2021	32,401
Charge for the year	14,312
At 31 December 2021	<u>46,713</u>
Net book value	
At 31 December 2021	<u><u>31,684</u></u>
At 31 December 2020	<u><u>10,532</u></u>

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Debtors

	2021 £	2020 £
Due after more than one year		
Amounts owed by group undertakings	299,000	-

Included within amounts owed by group undertakings above is a balance of £299,000 (2020 - £Nil) which is unsecured, interest free and repayable on 1 January 2023. During the year, the Company renegotiated the repayment date of this balance from 1 May 2021 to 1 January 2023.

	2021 £	2020 £
Due within one year		
Trade debtors	409,460	309,550
Amounts owed by group undertakings	616,741	483,266
Other debtors	190,110	156,846
Prepayments and accrued income	83,011	62,347
	<u>1,299,322</u>	<u>1,012,009</u>

Included within amounts owed by group undertakings above is a balance of £Nil (2020 - £299,000) which is unsecured, interest free and was due for repayment on 1 May 2021.

14. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>386,828</u>	<u>751,924</u>

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	50,000	33,333
Trade creditors	189,403	130,231
Amounts owed to group undertakings	28,277	-
Corporation tax	156,907	125,630
Other taxation and social security	141,495	121,784
Obligations under finance lease and hire purchase contracts	5,598	33,591
Other creditors	45,829	27,338
Accruals and deferred income	121,190	162,552
	<u>738,699</u>	<u>634,459</u>

Bank loans are disclosed in note 17.

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

	2021 £	2020 £
Bank loans	170,833	216,667
Net obligations under finance leases and hire purchase contracts	-	5,598
	<u>170,833</u>	<u>222,265</u>

Bank loans are disclosed in note 17.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	50,000	33,333
Amounts falling due 1-2 years		
Bank loans	50,000	50,000
Amounts falling due 2-5 years		
Bank loans	120,833	166,667
	<u>220,833</u>	<u>250,000</u>

During the prior year, the Company received a Coronavirus Business Interruption Loan of £250,000. The government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months. No repayments are due from the Company during this period with payments beginning 13 months after the drawdown of the loan. The loan accrues interest at a variable rate of Base Rate plus 1.78%.

The loan is secured by a fixed and floating charge over the assets of the Company.

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	5,598	33,591
Between 1-5 years	-	5,598
	<u>5,598</u>	<u>39,189</u>

19. Financial instruments

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.

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid 300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

21. 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.

22. Analysis of net debt

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	751,924	(365,096)	-	386,828
Debt due after 1 year	(216,667)	-	45,834	(170,833)
Debt due within 1 year	(33,333)	29,167	(45,834)	(50,000)
Finance leases	(39,189)	33,591	-	(5,598)
	<u>462,735</u>	<u>(302,338)</u>	<u>-</u>	<u>160,397</u>

BCS Data Centres Limited (formerly Business Critical Solutions Limited)

Notes to the Financial Statements For the Year Ended 31 December 2021

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 £98,175 (2020 - £75,101). Contributions amounting to £42,067 (2020 - £24,326) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	41,243	41,993
Later than 1 year and not later than 5 years	107,231	82,962
	<u>148,474</u>	<u>124,955</u>

25. Related party transactions

During the year, an amount of £40,534 was repaid by Mr J Hart, a Director. Further net funds of £64,601 were drawn and at the year-end an amount of £94,601 remained outstanding (2020 - £70,534). The maximum amount due from Mr J Hart during the year was £94,601.

During the year, the brought forward loan balance of £42,634 was repaid by Mr S Shearer, a Director. Further net funds of £73,947 (2020 - £42,634) were drawn and remained outstanding at the year end. The maximum amount due from Mr S Shearer during the year was £73,947.

Also, during the year, the brought forward loan balance of £43,678 was repaid by Mr J Barton, a Director. Further net funds of £21,583 (2020 - £43,678) 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 £43,678.

No interest was accrued on these Director's loan balances.

During the year the Company provided services to a value of £7,500 (2020 - £15,500) to Keysource Limited on an arm's length basis. The Company and Keysource Limited are related as Mr S Whatling was a director of both companies during the year.

26. Controlling party

The immediate and ultimate controlling party during the year was The BCS Consulting Group Limited (formerly Business Critical Solutions Group Limited).