Company Registration No. 08831703 (England and Wales)

DCS IT Management Limited

Financial Statements

For The Year Ended 31 December 2019

DCS IT MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Mrs S J Cowling Mr P M Rogerson Mr P T Clayton Mr P K Lichtarowicz Mrs S A Marshall Mr C J Lord Mr B Rankin
Secretary	Mrs S J Cowling
Company number	08831703
Registered office	Boston Lodge High Street Boston Spa LS23 6EA
Auditor	Garbutt & Elliott Audit Limited 33 Park Place Leeds LS1 2RY

DCS IT MANAGEMENT LIMITED

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DCS IT MANAGEMENT LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	4		1,868,774		1,868,774
Current assets					
Debtors	5	10,000		10,000	
Creditors: amounts falling due within one year	7	(193,521)		(193,521)	
Net current liabilities			(183,521)		(183,521)
Total assets less current liabilities			1,685,253		1,685,253
Creditors: amounts falling due after more than one year	8		(536,977)		(702,399)
Provisions for liabilities	9		(14,892)		(22,056)
Net assets			1,133,384		960,798
Capital and reserves					
Called up share capital			10,000		10,000
Profit and loss reserves			1,123,384		950,798
Total equity			1,133,384		960,798

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 25 June 2020 and are signed on its behalf by:

Mr P M Rogerson
Director

Company Registration No. 08831703

1 Accounting policies

Company information
DCS IT Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is Boston Lodge, High Street, Boston Spa, LS23 6EA.

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 a mounts 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 adopted the provisions of SI 2015/980, which permit it to not present group accounts on the basis that it would qualify as small except for the subsidiary undertaking being a public company which is not traded under the revisions to Section 399 of the Companies Act 2006.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Going concern

The directors have considered the impact that the coronavirus pandemic might have on the business and the DCS group. At the time of approving these financial statements, they do not believe there will be a material effect on the going concern of the business or the group for the following reasons: a significant proportion of the group's revenue is derived from recurring support income, which is mostly expected to continue; pessimistic cashflow projections have been undertaken, which still show strong cash reserves at the end of 2020; end of April management accounts shows a 16% increase in turnover compared to the same period last year, whilst net profit is up by over 37% for the same period; should work loads fall away we will review our cost base and consider cost saving options; DCS is in a good position to take advantage of any uplift as businesses start to open again

1.4 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.

1 Accounting policies **(Continued)**

1.5 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.

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.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 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.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Present value of redeemable preference shares
Included within loans and overdrafts are redeemable preference shares repayable over a 10 year period, as disclosed in note 6. Under FRS102 redeemable preference shares qualify under Section 11 Basic financial instruments. At the end of each reporting period, the company shall measure financial instruments at amortised cost using the effective interest rate method.

The directors have discounted the preference shares at a rate of 4%, the company's estimated weighted average cost of capital (WACC). The WACC is considered by the directors to be a fair approximation to a market rate of interest that would be payable on a similar quoted equity instrument issued by a risk-comparable company.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 7 (2018 - 7).

4 Fixed asset investments

	2019 £	2018 £
Investments	1,868,774	1,868,774

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 31 December 2019	1,868,774
Carrying amount	
At 31 December 2019	1,868,774
At 31 December 2018	1,868,774

5 **Debtors**

	2019	2018
Amounts falling due within one year:	£	£
Other debtors	10,000	10,000

6 **Loans and overdrafts**

	2019	2018
	£	£
Redeemable preference shares	730,498	895,920
Payable within one year	193,521	193,521
Payable after one year	536,977	702,399

The preference shares are repayable in instalments over a 10 year period, and have been discounted to a weighted average cost of capital of 4%, as detailed in note 2. Deferred tax relating to the discount provision was applied at 17%. During the year instalments were made of £201,240 (2018 - £201,240) and the interest of £35,818 (2018 - £42,181) applied.

7 **Creditors: amounts falling due within one year**

	2019	2018
	£	£
Other creditors	193,521	193,521

8 **Creditors: amounts falling due after more than one year**

	2019	2018
	£	£
Other creditors	536,977	702,399

9 **Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019	Liabilities 2018
Balances:	£	£
FRS102 discount	14,892	22,056

9 Deferred taxation **(Continued)**

Movements in the year:	2019 £
Liability at 1 January 2019	22,056
Credit to profit or loss	(7,164)
Liability at 31 December 2019	14,892

The deferred tax liability set out above is expected to reverse within 5 years and relates to a discount applied to the preference shares.

10 Subsidiaries

These financial statements are separate company financial statements for DCS IT Management Ltd.

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
DCS Holdings Limited	England and Wales	Dormant holding company	Ordinary	100	0
Deans Computer Services Plc	England and Wales	Supply and installation of computer equipment	Ordinary	0	85

The registered office of DCS Holdings Limited is Boston Lodge, High Street, Boston Spa, LS23 6EA.

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Chris Butt.
The auditor was Garbutt & Elliott Audit Limited.
The audit report was signed on 26 June 2020

12 Events after the reporting date

Subsequent to the year end the UK has suffered restrictions on its activities as a result of COVID-19. In common with almost all businesses, DCS IT Management Limited has been impacted by this event, and as a result the expected trading results may be affected by the restrictions. In response to this, the company is monitoring its cash commitments and continues to maintain its cashflow position.

The directors have not taken the impact of COVID into account in assessing the carrying value of its assets, and the directors' considerations of COVID-19 on their assessment of going concern is disclosed in note 1.3.

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.