

COMPANY REGISTRATION NUMBER: 04199184

ABC DIGITAL SOLUTIONS LIMITED
Filleted Financial Statements
30 September 2017

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ABC DIGITAL SOLUTIONS LIMITED

Financial Statements

Year ended 30 September 2017

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ABC DIGITAL SOLUTIONS LIMITED

Director's Responsibilities Statement

Year ended 30 September 2017

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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. He is 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.

ABC DIGITAL SOLUTIONS LIMITED

Statement of Financial Position

30 September 2017

| | Note | 2017 £ | 2016 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 151,873 | 131,220 |
| Investments | 7 | 125 | 125 |
| | | <u>151,998</u> | <u>131,345</u> |
| Current assets | | | |
| Stocks | | 236,250 | 161,485 |
| Debtors | 8 | 1,039,968 | 2,152,919 |
| Cash at bank and in hand | | 539,867 | 773,244 |
| | | <u>1,816,085</u> | <u>3,087,648</u> |
| Creditors: amounts falling due within one year | 9 | <u>(1,186,888)</u> | <u>(1,898,603)</u> |
| Net current assets | | <u>629,197</u> | <u>1,189,045</u> |
| Total assets less current liabilities | | <u>781,195</u> | <u>1,320,390</u> |
| Provisions | | | |
| Taxation including deferred tax | | (82,235) | (61,078) |
| Other provisions | | <u>(295,886)</u> | <u>(491,886)</u> |
| | | <u>(378,121)</u> | <u>(552,964)</u> |
| Net assets | | <u>403,074</u> | <u>767,426</u> |
| Capital and reserves | | | |
| Called up share capital | | 768 | 768 |
| Share premium account | | 4,830 | 4,830 |
| Capital redemption reserve | | 293 | 293 |
| Other reserves | | 140,977 | 140,977 |
| Profit and loss account | | <u>256,206</u> | <u>620,558</u> |
| Shareholders funds | | <u>403,074</u> | <u>767,426</u> |

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.


The statement of financial position
continues on the following page.
The notes on pages 4 to 11 form part of these financial statements.

ABC DIGITAL SOLUTIONS LIMITED

Statement of Financial Position *(continued)*

30 September 2017

These financial statements were approved by the board of directors and authorised for issue on 26 June 2018, and are signed on behalf of the board by:



S B Burgess
Director

Company registration number: 04199184

The notes on pages 4 to 11 form part of these financial statements.

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements

Year ended 30 September 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is No. 1 Technology House, Alexandria Way, Congleton Business Park, Congleton, Cheshire, CW12 1LB. The principal activity of the company during the year continued to be the provision of digital solutions.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 October 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 15.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

As described in the accounting policies of the financial statements, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take in to account actual asset lives and residual values as evidenced by disposals during the current and prior periods.

Provision is made for obsolete and slow moving stock; and doubtful trade debts. These provisions require management's best estimate of the net realisable values.

The provisions are monitored closely by the director and are reviewed based on historical information to ensure they are reasonable.

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax. When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting.

Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 1, 3 or 10 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|--------------------------------|---|--|
| Plant & machinery | - | 25% straight line & 33% straight line for IT equipment |
| Fixtures, fittings & equipment | - | 15% reducing balance |
| Motor vehicles | - | 33% straight line |
| Equipment | - | 15% reducing balance |

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

Employee benefits

The company provides a range of benefits to employees.

Short term benefits, including holiday pay, are recognised as an expense in the profit and loss account in the period in which they are incurred.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 32 (2016: 36).

5. Intangible assets

| | Goodwill £ |
|-----------------------------|----------------|
| Cost | |
| At 1 October 2016 | 460,484 |
| Additions | 43,000 |
| At 30 September 2017 | 503,484 |
| Amortisation | |
| At 1 October 2016 | 460,484 |
| Charge for the year | 43,000 |
| At 30 September 2017 | 503,484 |
| Carrying amount | |
| At 30 September 2017 | — |
| At 30 September 2016 | — |

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

6. Tangible assets

| | Land and buildings £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Equipment £ | Total £ |
|------------------------|-------------------------|--------------------------|----------------------------|---------------------|----------------|-----------------------|
| Cost | | | | | | |
| At 1 Oct 2016 | 100,814 | 326,696 | 23,001 | – | 15,508 | 466,019 |
| Additions | – | 11,462 | 4,421 | 25,224 | – | 41,107 |
| Disposals | – | (923) | – | – | – | (923) |
| At 30 Sep 2017 | <u>100,814</u> | <u>337,235</u> | <u>27,422</u> | <u>25,224</u> | <u>15,508</u> | <u>506,203</u> |
| Depreciation | | | | | | |
| At 1 Oct 2016 | – | 308,083 | 11,208 | – | 15,508 | 334,799 |
| Charge for the year | – | 15,239 | 2,432 | 2,579 | – | 20,250 |
| Disposals | – | (719) | – | – | – | (719) |
| At 30 Sep 2017 | <u>–</u> | <u>322,603</u> | <u>13,640</u> | <u>2,579</u> | <u>15,508</u> | <u>354,330</u> |
| Carrying amount | | | | | | |
| At 30 Sep 2017 | <u>100,814</u> | <u>14,632</u> | <u>13,782</u> | <u>22,645</u> | <u>–</u> | <u>151,873</u> |
| At 30 Sep 2016 | <u>100,814</u> | <u>18,613</u> | <u>11,793</u> | <u>–</u> | <u>–</u> | <u>131,220</u> |

Included within the above is investment property as follows:

| | £ |
|--|-----------------------|
| At 1 October 2016 and 30 September 2017 | <u>100,814</u> |

The director considers the investment properties are stated at fair value at 30 September 2017.

7. Investments

| | Shares in group undertakings £ |
|---|-----------------------------------|
| Cost | |
| At 1 October 2016 and 30 September 2017 | <u>125,025</u> |
| Impairment | |
| At 1 October 2016 and 30 September 2017 | <u>124,900</u> |
| Carrying amount | |
| At 30 September 2017 | <u>125</u> |
| At 30 September 2016 | <u>125</u> |

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

8. Debtors

| | 2017 | 2016 |
|---|------------------|------------------|
| | £ | £ |
| Trade debtors | 722,854 | 1,606,782 |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | 139,989 | 408,504 |
| Other debtors | 177,125 | 137,633 |
| | <u>1,039,968</u> | <u>2,152,919</u> |

Amounts due from group undertakings are unsecured, interest free, and repayable on demand.

9. Creditors: amounts falling due within one year

| | 2017 | 2016 |
|---|------------------|------------------|
| | £ | £ |
| Trade creditors | 273,241 | 623,586 |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | 363,215 | 281,860 |
| Corporation tax | 75,505 | 96,037 |
| Social security and other taxes | 184,151 | 430,777 |
| Other creditors | 3,284 | 2,980 |
| Other creditors | 287,492 | 463,363 |
| | <u>1,186,888</u> | <u>1,898,603</u> |

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

10. Guarantees and other financial commitments

The company had total guarantees and commitments at the balance sheet date of £223,629 (2016: £165,444)

11. Events after the end of the reporting period

There were no material events up to 26 June 2018, being the date of approval of the financial statements by the Board.

12. Summary audit opinion

The auditor's report for the year dated *26 June 2018* was unqualified.

The senior statutory auditor was Valerie Wood, for and on behalf of DPC Accountants Limited.

ABC DIGITAL SOLUTIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

13. Director's advances, credits and guarantees

During the year the director entered into the following advances and credits with the company:

| | 2017 | | | |
|-------------|-------------------------|-------------------------------------|----------------|---------------------|
| | Balance brought forward | Advances/ (credits) to the director | Amounts repaid | Balance outstanding |
| | £ | £ | £ | £ |
| S B Burgess | <u>5,979</u> | <u>500</u> | <u>(5,979)</u> | <u>500</u> |

| | 2016 | | | |
|-------------|-------------------------|-------------------------------------|------------------|---------------------|
| | Balance brought forward | Advances/ (credits) to the director | Amounts repaid | Balance outstanding |
| | £ | £ | £ | £ |
| S B Burgess | <u>148,298</u> | <u>5,981</u> | <u>(148,300)</u> | <u>5,979</u> |

By virtue of the outstanding loan account balance a liability to taxation exists under Section 455 of CTA 2010 of £163. It is anticipated that the loan will be repaid within nine months of the year end and, as such, no provision for the taxation has been made.

14. Controlling party

Until 11 July 2017, the ultimate parent company was ABC Managed Contracts Limited, a company incorporated in England and Wales.

On 11 July 2017, the shares owned by ABC Managed Contracts Limited were sold to Burgess Property Solutions Limited, a company incorporated in England and Wales.

On 3 October 2017, the shares owned by Burgess Property Solutions Limited were sold to ABC Digital Holdings Limited, a company incorporated in England and Wales, making it the ultimate parent company.

15. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 October 2015.

No transitional adjustments were required in equity or profit or loss for the year.