

Direct Control Systems Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 30 September 2019

Bissell & Brown Ltd
Chartered Accountants
Charter House
56 High Street
Sutton Coldfield
West Midlands
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Direct Control Systems Limited

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Direct Control Systems Limited

Company Information

Directors S M Davis
M Davis
D Peach

Company secretary S M Davis

Registered office City Court
161 Hospital Street
Birmingham
B19 3XA

Accountants Bissell & Brown Ltd
Chartered Accountants
Charter House
56 High Street
Sutton Coldfield
West Midlands
B72 1UJ

Direct Control Systems Limited
(Registration number: 02850312)
Balance Sheet as at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>4</u>	55,681	73,019
Current assets			
Stocks	<u>5</u>	3,482	3,149
Debtors	<u>6</u>	1,172,085	1,248,802
Cash at bank and in hand		514,032	645,205
		1,689,599	1,897,156
Creditors: Amounts falling due within one year	<u>7</u>	(1,227,328)	(1,453,712)
Net current assets		462,271	443,444
Total assets less current liabilities		517,952	516,463
Creditors: Amounts falling due after more than one year	<u>7</u>	(15,634)	(19,040)
Provisions for liabilities		(18)	1,666
Net assets		502,300	499,089
Capital and reserves			
Called up share capital	<u>8</u>	800	800
Capital redemption reserve		200	200
Profit and loss account		501,300	498,089
Total equity		502,300	499,089

For the financial year ending 30 September 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Directors' Report or the Profit and Loss Account has been taken.

Approved and authorised by the Board on 1 April 2020 and signed on its behalf by:

.....
D Peach

The notes on pages 3 to 9 form an integral part of these financial statements.

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

1 General information

The company is a private company limited by share capital, incorporated in England & Wales. The company's registration number is 02850312.

The address of its registered office is:

City Court
161 Hospital Street
Birmingham
B19 3XA

The principal place of business is:

City Court
161 Hospital Street
Birmingham
B19 3XA

These financial statements were authorised for issue by the Board on 1 April 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	25% reducing balance

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

2 Accounting policies (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3 Staff numbers

The average number of persons employed (including directors) during the year was 23 (2018 - 23).

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

4 Tangible assets

	Fixtures and fittings £	Motor vehicles £	Plant & Machinery £	Total £
Cost or valuation				
At 1 October 2018	14,568	114,149	27,844	156,561
Additions	-	22,598	-	22,598
Disposals	(14,568)	(48,960)	(27,844)	(91,372)
At 30 September 2019	-	87,787	-	87,787
Depreciation				
At 1 October 2018	12,850	45,170	25,522	83,542
Charge for the year	-	18,080	-	18,080
Eliminated on disposal	(12,850)	(31,144)	(25,522)	(69,516)
At 30 September 2019	-	32,106	-	32,106
Carrying amount				
At 30 September 2019	-	55,681	-	55,681
At 30 September 2018	1,718	68,979	2,322	73,019

5 Stocks

	2019 £	2018 £
Work in progress	3,482	3,149

6 Debtors

	2019 £	2018 £
Trade debtors	1,135,203	1,214,670
Other debtors	2,134	551
Prepayments	34,748	33,581
Total current trade and other debtors	1,172,085	1,248,802

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

7 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	7.1	123,815	156,550
Trade creditors		504,783	498,013
Amounts owed to connected parties	11	401,126	628,833
Taxation and social security		28,485	22,468
Other creditors		11,340	11,342
Accrued expenses		118,158	96,615
Corporation tax liability		39,621	39,891
		<u>1,227,328</u>	<u>1,453,712</u>

Creditors: amounts falling due after more than one year

	Note	2019 £	2018 £
Due after one year			
Loans and borrowings	7.1	<u>15,634</u>	<u>19,040</u>

7.1 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
HP and finance lease liabilities	3,406	3,141
Loans from directors	120,409	153,409
	<u>123,815</u>	<u>156,550</u>
Non-current loans and borrowings		
Hire purchase contracts	<u>15,634</u>	<u>19,040</u>

8 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary A share of £1 each	720	720	720	720
Ordinary B share of £1 each	80	80	80	80
	<u>800</u>	<u>800</u>	<u>800</u>	<u>800</u>

Direct Control Systems Limited

Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

8 Share capital (continued)

Rights, preferences and restrictions

Ordinary A have the following rights, preferences and restrictions:

Holders of the ordinary share capital have a right to vote and receive dividends.

Ordinary B have the following rights, preferences and restrictions:

Holders of the ordinary share capital have a right to vote and receive dividends.

9 Dividends

During the year a dividend was declared to which all shareholders apart from directors waived their rights to dividends.

Interim dividends paid

	2019 £	2018 £
Interim dividend of £2,250 (2018 - £1,800) per each Ordinary B	135,000	108,000

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £23,301 (2018 - £48,850).

11 Related party transactions

Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	172,332	178,400
Contributions paid to money purchase schemes	36,000	30,538
	208,332	208,938

Summary of transactions with other related parties

At the balance sheet date the company owed to the following connected companies:-

Direct FM Limited £392,126 (2018: £616,833)

Oakdale Holding £9,000 (2018: £12,000)