

Registered number: 04682395

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
FOR  
SG SYSTEMS (UK) LIMITED**

SATURDAY



\*A7FZRQAJ\*

A07

06/10/2018

#100

COMPANIES HOUSE

# **SG SYSTEMS (UK) LIMITED**

## **CONTENTS OF THE FINANCIAL STATEMENTS for the year ended 31 March 2018**

	<b>Page</b>
Company Information	1
Report of the Directors	2
Report of the Independent Auditor	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity for the Period	10
Statement of Cashflows	11
Notes to the Financial Statements	12
Trading and Profit and Loss Account	21

**SG SYSTEMS (UK) LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 March 2018**

**DIRECTORS:**

S A King  
N C Coote  
C Warnock

**SECRETARY:**

Lorraine Young Company Secretaries Limited

**REGISTERED OFFICE:**

The Old Church  
31 Rochester Road  
Aylesford  
Kent  
ME20 7PR

**REGISTERED NUMBER:**

04682395 (England and Wales)

**AUDITOR:**

Crowe U.K. LLP  
Chartered Accountants & Registered Auditors  
Riverside House  
40-46 High Street  
Maidstone  
Kent ME14 1JH

**SG SYSTEMS (UK) LIMITED**  
**For the year ended 31 March 2018**

**REPORT OF THE DIRECTORS**

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2018.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company in the year under review was that of the sale of security and labelling equipment and consumables.

**REVIEW OF BUSINESS**

Revenues for SG Systems (UK) Limited (SG) were £1,449,017, up 2% on the previous year, but significantly below forecast. The pressures facing the wider retail sector have led to delays in capital expenditure decisions, thus impacting on SG's revenues. Although the Company made an operating loss for the year, this was considerably less than the previous year due to an improvement in gross margins, which was partly the result of the recovery of sterling's value against the US dollar.

Over the last 18 months significant effort has been devoted to marketing SG's wider retail technology offer, which includes products that can support retailers in driving sales conversation rates as well as reducing shoplifting. This has resonated strongly amongst key retail customers and prospects and a number of important in-store trials are now underway.

On 3<sup>rd</sup> April 2018, SG and B to B Links Limited merged to become B2BSG Solutions Limited. The single Company continues to operate with the same personnel from its two bases in Amesbury and Finchampstead. Accounting systems have been harmonised and further operational integration will continue during the coming year.

**SG SYSTEMS (UK) LIMITED**  
for the year ended 31 March 2018

**REPORT OF THE DIRECTORS**

KEY PERFORMANCE INDICATORS	Notes	31.3.18 £	31.3.17 £
Earnings before interest, tax, depreciation and amortisation (EBITDA)		(118,539)	(123,160)
Add back: management charge from PHSC plc		24,000	12,000
	a	<u>(94,539)</u>	<u>(111,160)</u>
Turnover		1,449,017	1,414,480
Gross profit		477,590	466,438
<b>Gross profit margin</b> ( <i>gross profit / turnover</i> )	b	<b>33%</b>	<b>33%</b>
Trade debtors		260,455	163,820
Trade debtors excluding VAT		217,046	136,517
<b>Debtor days</b> ( <i>trade debtors excluding VAT / turnover x 365</i> )	c	<b>55</b>	<b>35</b>
Current assets		471,520	426,293
Less: amounts owed by group companies		<u>(1,769)</u>	<u>(1,172)</u>
		<u>469,751</u>	<u>425,121</u>
Current liabilities		527,149	362,530
Amounts owed to group companies		<u>(18,243)</u>	<u>(4,540)</u>
		<u>508,906</u>	<u>357,990</u>
<b>Current ratio</b> ( <i>current assets / current liabilities</i> ) ( <i>both excluding group balances</i> )	d	<b>0.92</b>	<b>1.2</b>
<b>Staff statistics (excluding directors)</b>	e		
Joiners during the year		1	5
Leavers during the year		2	5
Average length of service per staff member		4 years	3 years

Notes:

- (a) The key figure for profitability used by the directors and management team is EBITDA with the management charges from PHSC plc added back. This figure forms the basis of announcements of the consolidated group results to investors.
- (b) The gross profit margin is tracked on a monthly basis as this reflects the core profitability of the Company and illustrates the financial success of the services being provided by SG. A margin of 33% was earned in both years, in 2017-18 the recovery of sterling's value against the US dollar being offset by the £30,000 non-cash stock provision.
- (c) The increase in debtor days reflects amounts owed from a key account whose credit terms are 90 days.
- (d) The current ratio is used to monitor the liquidity of SG. Current liabilities were £48,651 greater than current assets as at the year end, but support from the group company will enable SG to continue to meet its short term obligations.
- (e) SG had 8 (2017 – 9) members of staff at the year end. During the year ended 31 March 2018, two members of the administration team left SG and were replaced by one new member of staff.

**SG SYSTEMS (UK) LIMITED**  
**for the year ended 31 March 2018**

**REPORT OF THE DIRECTORS**

**DIVIDENDS**

A dividend was not paid during the year (2017 – nil)

**DIRECTORS**

The directors during the year under review were:

S A King  
N C Coote  
C Warnock

**INTERNAL CONTROLS**

The directors acknowledge their responsibilities for the Company's systems of internal control. The directors consider all major business and financial risks and resolve strategic decisions. Accepting that no system of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the Company are appropriate to the business.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. As the Company is a 100% subsidiary of PHSC plc, it is appropriate to consider these in the context of the Group as a whole. Further discussion is provided in note 1 to the financial statements in the Group's annual report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 and loss for that period. In preparing the financial statements, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

**SG SYSTEMS (UK) LIMITED**  
**for the year ended 31 March 2018**

**REPORT OF THE DIRECTORS**

**GOING CONCERN**

On the 1 April 2018 Sg Systems (UK) Limited merged with B to B Links Limited a sister company within the PHSC PLC Group. Accordingly the financial statements have not been prepared on the going concern basis. As all assets and liabilities will be transferred at book value no adjustments to the financial statements were necessary.

**PROVISION OF INFORMATION TO THE AUDITOR**

So far as each of the directors is aware at the time the report is approved;

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The above report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

**AUDITOR**

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

**ON BEHALF OF THE BOARD:**



S King - Director  
10 August 2018

## **REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF SG SYSTEMS (UK) LIMITED**

### **Opinion**

We have audited the financial statements of SG for the year ended 31 March 2018 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) adopted by the European Union. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We draw attention to note 1, Basis of preparation, in the financial statements, which indicates that the financial statements have not been prepared on the going concern basis. All monetary amounts within the financial statements are presented as under one year. Our opinion is not modified in respect of this matter.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF  
SG SYSTEMS (UK) LIMITED (continued)**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

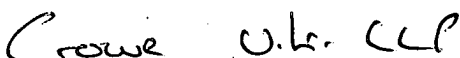
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Darren Rigden  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
Riverside House, 40 – 46 High Street, Maidstone, Kent, ME14 1JH

10 August 2018

**SG SYSTEMS (UK) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2018

	Note	31.3.18 £	31.3.17 £
<b>Revenue</b>	3	1,449,017	1,414,480
Cost of sales		<u>(971,427)</u>	<u>(941,499)</u>
<b>GROSS PROFIT</b>		477,590	472,981
Administrative expenses		<u>(597,794)</u>	<u>(598,511)</u>
<b>LOSS BEFORE TAXATION</b>	4	(120,204)	(125,530)
Income tax (expense)/income	8	<u>(131)</u>	<u>4,723</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(120,335)	(120,807)
Other comprehensive income		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(120,335)</u>	<u>(120,807)</u>
Attributable to equity holders		(120,335)	(120,807)

All amounts relate to continuing activities.

Accounting policies and notes on pages 12 to 20 form part of these financial statements

## SG SYSTEMS (UK) LIMITED

STATEMENT OF FINANCIAL POSITION  
as at 31 March 2018

		31.3.18	31.3.17
	Note	£	£
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	6,219	7,031
Deferred taxation asset	14	759	890
		<u>6,978</u>	<u>7,921</u>
<b>CURRENT ASSETS</b>			
Inventory	10	193,244	254,693
Trade and other receivables	11	278,276	171,600
Cash at cash equivalents		-	-
		<u>471,520</u>	<u>426,293</u>
<b>TOTAL ASSETS</b>		<b>478,498</b>	<b>434,214</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	205,747	134,307
Bank overdraft		321,402	228,223
Current corporation tax payable		-	-
		<u>527,149</u>	<u>362,530</u>
<b>TOTAL LIABILITIES</b>		<b>527,149</b>	<b>362,530</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b><u>(48,651)</u></b>	<b><u>71,684</u></b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS</b>			
Called up share capital	15	2,288	2,288
Retained earnings		(50,939)	69,396
		<u>(48,651)</u>	<u>71,684</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board on 10 August 2018 and signed on its behalf by:



S A King – Director

# SG SYSTEMS (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018

	Share Capital £	Retained Earnings £	Total £
<b>Balance at 1 April 2016</b>	2,288	190,203	192,491
Total comprehensive income	-	(120,807)	(120,807)
<b>Balance at 31 March 2017</b>	<u>2,288</u>	<u>69,396</u>	<u>71,684</u>
<b>Balance at 1 April 2017</b>	2,288	69,396	71,684
Total comprehensive income	-	(120,335)	(120,335)
<b>Balance at 31 March 2018</b>	<u>2,288</u>	<u>(50,939)</u>	<u>(48,651)</u>

**SG SYSTEMS (UK) LIMITED**

**STATEMENT OF CASH FLOWS  
for the year ended 31 March 2018**

	Note	31.3.18 £	31.3.17 £
<b>Cash flows used by operating activities:</b>			
Cash used by operations	I	(92,326)	(266,416)
<b>Net cash flows used by operating activities</b>		<u>(92,326)</u>	<u>(266,416)</u>
<b>Cash flows (used in)/from investing activities</b>			
Purchase of property, plant and equipment		(853)	(338)
Disposal property, plant and equipment		-	1,037
<b>Net cash (used in)/from investing activities</b>		<u>(853)</u>	<u>699</u>
<b>Net decrease in cash and cash equivalents</b>		(93,179)	(265,717)
Cash and cash equivalents at beginning of year		(228,223)	37,494
<b>Cash and cash equivalents at end of year</b>		<u>(321,402)</u>	<u>(228,223)</u>

**NOTES TO THE STATEMENT OF CASH FLOWS  
for the year ended 31 March 2018**

	31.3.18 £	31.3.17 £
<b>I. CASH USED BY OPERATIONS</b>		
Operating loss	(120,204)	(125,530)
Depreciation charge	1,665	2,370
Decrease/(increase) in inventory	61,449	(59,643)
Increase in trade and other receivables	(106,676)	(27,810)
Increase/(decrease) in trade and other payables	71,440	(55,803)
<b>Net cash used by operations</b>	<u>(92,326)</u>	<u>(266,416)</u>

## **SG SYSTEMS (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018**

#### **1. BASIS OF PREPARATION**

The Company's financial statements have been prepared in accordance with IFRSs, as adopted by the European Union, International Financial Reporting Intermediate Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 18.

On 1 April 2018 the company began the process of transferring all trade and assets to B to B Links Limited, as sister company within the Group. Accordingly the financial statements have not been prepared on the going concern basis. As all assets and liabilities will be transferred at book value no adjustments to the financial statements were necessary.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not been adopted by the European Union. Following an assessment by the directors, IFRS 15 concerning revenue recognition, is not expected to have an impact on the Company's future financial statements. IFRS 16 may have an impact on the measurement and treatment of operating leases and the related disclosures but the figures concerned are not expected to be material.

## SG SYSTEMS (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 March 2018

#### 2. ACCOUNTING POLICIES

##### Revenue

Revenue which excludes value added tax, represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of the service. Income derived from annual contracts is recognised at the point at which a fair value can be attributed to the various components of the contract. Where it is not possible to attribute a fair value, consideration is given to whether sums received are non-refundable.

##### Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The directors regard the operations of the Company as being one business segment. Further analysis of revenue is disclosed in note 3.

##### Plant, fixtures and equipment

Plant, fixtures and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of non-current assets, less their estimated residual value, over their expected useful lives. During the period there was a change in the bases used to align the depreciation policy of SG with other companies within the PSHC plc group.

Plant and machinery	25% reducing balance
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance

##### Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the profit before income tax.

##### Inventory

Inventory is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. The costs of inventory are calculated on a first in first out basis.

##### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

##### Financial instruments

Provision is made for diminution in value where appropriate. Trade payables are recognised at initially fair value and subsequently measured at amortised cost.

# SG SYSTEMS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 March 2018

### 3. REVENUE

The majority of the revenue of the Company during the period was generated in the United Kingdom and the revenue of the Company for the year derives from the same class of business as noted in the directors' report.

### 4. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:	31.3.18	31.3.17
	£	£
Depreciation – owned assets	1,665	2,370
Foreign currency losses	1,881	6,543
Operating lease charges – land and buildings	<u>20,000</u>	<u>20,000</u>

### 5. DIRECTORS' REMUNERATION

	31.3.18	31.03.17
	£	£
Directors' emoluments and other benefits	<u>-</u>	<u>-</u>

### 6. STAFF COSTS

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

Directors	3	3
Administration	<u>8</u>	<u>9</u>
	<u>11</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	31.3.18	31.3.17
	£	£
Wages and salaries	299,051	268,647
Social security costs	31,887	27,802
Other pension costs	<u>1,646</u>	<u>470</u>
	<u>332,584</u>	<u>296,919</u>

The directors are considered to be key management personnel of the Company.

### 7. AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditors as detailed below:

	31.3.18	31.3.17
	£	£
Audit of the Company's annual financial statements	<u>4,800</u>	<u>4,800</u>



# SG SYSTEMS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2018

### 8. INCOME AND DEFERRED TAX CHARGES

Analysis of the tax charge	31.3.18	31.03.17
The tax charge on the profit on ordinary activities for the year was as follows:	£	£
Current tax:		
UK corporation tax at 19% (2017 – 20%)	-	-
Corporation tax under/(over) provision in respect of prior years	-	(2,989)
Total current tax	-	(2,989)
Deferred tax:		
Origination and reversal of timing differences	(30)	(397)
Adjustments in respect of prior periods	161	(1,337)
Tax on profit on ordinary activities	<u>131</u>	<u>(4,723)</u>

#### Factors affecting the tax charge

The tax assessed for the year is lower (2017 – lower) than the standard rate of corporation tax in the UK.  
The difference is explained below:

	31.3.18	31.3.17
	£	£
Loss on ordinary activities before tax	<u>(120,204)</u>	<u>(125,530)</u>
Loss on ordinary activities multiplied by the lower rate of corporation tax in the UK of 19% (2017: 20%)	(22,839)	(25,106)
Effects of:		
Group relief of losses surrendered	22,809	24,098
Expenses not deductible for tax purposes	-	590
Adjustment in respect of prior period	161	(4,326)
Adjust deferred tax to standard CT rate of 19%	-	21
Total tax charge	<u>131</u>	<u>(4,723)</u>

# SG SYSTEMS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

### 9. TANGIBLE FIXED ASSETS

	Plant and Machinery £	Fixtures and Fittings £	Office Equipment £	Total £
<b>COST OR VALUATION</b>				
At 1 April 2017	15,430	80,900	52,204	148,534
Additions	-	-	853	853
At 31 March 2018	<u>15,430</u>	<u>80,900</u>	<u>53,057</u>	<u>149,387</u>
<b>DEPRECIATION</b>				
At 1 April 2017	15,060	80,723	45,720	141,503
Charge for the year	92	40	1,533	1,665
At 31 March 2018	<u>15,152</u>	<u>80,763</u>	<u>47,253</u>	<u>143,168</u>
<b>NET BOOK VALUE</b>				
At 31 March 2018	<u>278</u>	<u>137</u>	<u>5,804</u>	<u>6,219</u>
At 31 March 2017	<u>370</u>	<u>177</u>	<u>6,484</u>	<u>7,031</u>

At 31 March 2018, there were no assets subject to hire purchase (2017: nil).

### 10. INVENTORY

	31.3.18 £	31.3.17 £
Finished goods	<u>193,244</u>	<u>254,693</u>

The value of inventory consumed and recognised as an expense was £755,961 (2017: £724,113).

The value of inventory provided for during the year was £30,000 (2017: £Nil).

# SG SYSTEMS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

### 11. TRADE AND OTHER RECEIVABLES

	31.3.18	31.3.17
	£	£
Trade receivables	260,455	163,820
Amounts owed by group undertakings	1,769	1,172
Other receivables, prepayments and accrued income	16,052	6,608
	<u>278,276</u>	<u>171,600</u>

The recoverability of receivables is not considered to be a significant issue to the Company. Many customers have a long standing relationship with SG. A clearly defined procedure for credit control is in place and the level and age of debtors are reviewed on a regular basis by both the company directors and by the board of PHSC plc.

The ageing analysis of the trade receivables is as follows:

	31.3.18	31.3.17
	£	£
Current	223,682	126,283
One month old	11,222	21,539
Two to six months old	14,511	15,998
Over six months old	11,040	-
	<u>260,455</u>	<u>163,820</u>

Some of the trade receivables are past due but there are none (2017 – none) considered to be impaired. The receivables due at the end of the financial year relate to trading customers.

### 12. TRADE AND OTHER PAYABLES

	31.3.18	31.3.17
	£	£
Trade payables	88,445	70,997
Amount owed to group undertakings	18,243	4,540
Social security and other taxes	53,121	21,037
Accrued expenses and deferred income	45,938	37,733
	<u>205,747</u>	<u>134,307</u>

Shortly after the acquisition of SG by PHSC plc, the Company and the PHSC plc Group entered into an unlimited multilateral guarantee with HSBC plc. This facility is reviewed annually. The Company's balance as at 31 March 2018 was £321,402 overdrawn (2017: £228,223 overdrawn) within the Group's cash at bank and in hand figure of £244,290 (2017: £206,718).

# SG SYSTEMS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

### 13. OPERATING LEASE COMMITMENTS

	31.03.18	31.3.17
	Land and buildings	Land and buildings
	£	£
Within one year	20,000	20,000
Between two and five years	-	35,000
Total	<u>20,000</u>	<u>55,000</u>

### 14. DEFERRED TAXATION

	31.3.18	31.3.17
	£	£
Deferred taxation asset	<u>759</u>	<u>890</u>
	Deferred tax	Deferred tax
	£	£
At 1 April 2017	890	(844)
Deferred tax (charge)/credit in year (see note 8)	<u>(131)</u>	<u>1,734</u>
At 31 March 2018	<u>759</u>	<u>890</u>

### 15. SHARE CAPITAL

Allotted, issued and fully paid	31.3.18	31.3.18	31.3.17	31.3.17
	Number	£	Number	£
"A" Ordinary shares of £1 each	950	950	950	950
"B" Participating preference shares of £1 each	1,334	1,334	1,334	1,334
"C" Non-participating preference shares of £1 each	4	4	4	4
	<u>2,288</u>	<u>2,288</u>	<u>2,288</u>	<u>2,288</u>

# SG SYSTEMS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

### 16. RELATED PARTY DISCLOSURES

A management charge is levied by PHSC plc to its subsidiary companies to reflect the central services it provides.

	31.3.18	31.3.17
	£	£
Management charge from PHSC plc to SG	<u>24,000</u>	<u>12,000</u>

The inter-company balances between SG and the other companies within the PHSC plc group are summarised below.

	31.3.18	31.3.17
	£	£
Amounts owed by group undertakings		
B to B Links Limited	<u>1,769</u>	<u>1,172</u>
Amounts owed to group companies		
B to B Links Limited	3,573	536
PHSC plc	<u>14,670</u>	<u>4,004</u>
	<u>18,243</u>	<u>4,540</u>

### 17. FINANCIAL INSTRUMENTS

Set out below are the Company's financial instruments:

	31.3.18	31.03.17
	£	£
<b>Financial assets at amortised cost</b>		
Trade and other receivables	278,276	171,600
Cash and cash equivalents	-	-
	<u>278,276</u>	<u>171,600</u>
<b>Financial liabilities at amortised cost</b>		
Bank loans and overdrafts	321,402	228,223
Trade and other payables	<u>205,747</u>	<u>134,307</u>
	<u>527,149</u>	<u>362,530</u>
Due within 1 year	527,149	362,530
Due in over 1 year	-	-
	<u>527,149</u>	<u>362,530</u>

The Company's principal financial instruments comprise cash, short terms borrowings and various items such as trade receivables, trade payables etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the Company's trading activities.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

## SG SYSTEMS (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

#### FINANCIAL INSTRUMENTS (continued)

##### Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available from current banking facilities to meet foreseeable needs and to invest cash assets safely and profitably.

##### Credit risk

The Company's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited and the risk of non-payment through credit sales is monitored very closely by the directors.

##### Fair values

The fair values of the Company's financial instruments are considered not to be materially different to their book value.

##### Foreign currency exchange risk

The Company uses a number of different methods in protecting margins against foreign exchange risk. The principal currency traded after sterling is the euro.

#### 18. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

Provision for obsolete and slow moving stock: the directors annually assess the stock held for any slow moving or obsolete stock. An annual provision is made for any items where the cost is considered not fully recoverable.

Recoverability of trade debtors: the directors annually assess whether a bad debt provision is required for any bad or doubtful debtor balances.

Going concern: the directors annually assess whether the company is a going concern and prepare forecasts for future trading.

#### 19. PARENT UNDERTAKING

PHSC plc, incorporated in England and Wales, is the ultimate parent company of the group. There is no ultimate controlling party but the largest shareholder, Mr S A King, group chief executive, owns 21.73% (2017: Ms N C Coote 21.42%) of the issued share capital of PHSC plc. The parent company operates within the UK and its accounts may be obtained from the same registered office address as noted on page 1 of these accounts.