

Direct FM 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
B72 1UJ

Direct FM Limited

Contents

Company Information	<u>1</u>
Balance Sheet	<u>2</u>
Notes to the Unaudited Financial Statements	<u>3 to 9</u>

Direct FM Limited

Company Information

Directors Mr M Davis
Mr D Peach
Mr Barend Mattheus Botha

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 FM Limited
(Registration number: 05983061)
Balance Sheet as at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>4</u>	53,817	21,044
Current assets			
Debtors	<u>5</u>	396,906	628,664
Cash at bank and in hand		181,317	75,668
		<u>578,223</u>	<u>704,332</u>
Creditors: Amounts falling due within one year	<u>6</u>	(362,225)	(465,047)
Net current assets		<u>215,998</u>	<u>239,285</u>
Total assets less current liabilities		269,815	260,329
Creditors: Amounts falling due after more than one year	<u>6</u>	(18,183)	-
Provisions for liabilities		<u>6,010</u>	<u>(3,303)</u>
Net assets		<u>257,642</u>	<u>257,026</u>
Capital and reserves			
Called up share capital	<u>7</u>	100	100
Profit and loss account		<u>257,542</u>	<u>256,926</u>
Total equity		<u>257,642</u>	<u>257,026</u>

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 8 April 2020 and signed on its behalf by:

.....
Mr M Davis
Director

.....
Mr D Peach
Director

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

Page 2

Direct FM Limited

Notes to the Unaudited 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 05983061.

The address of its registered office is:

City Court
161 Hospital Street
Birmingham
B19 3XA

These financial statements were authorised for issue by the Board on 8 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.

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.

Direct FM Limited

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

2 Accounting policies (continued)

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
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.

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 FM Limited

Notes to the Unaudited 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 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 FM Limited

Notes to the Unaudited 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 5 (2018 - 7).

Direct FM Limited

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

4 Tangible assets

	Motor vehicles £	Total £
Cost or valuation		
At 1 October 2018	58,565	58,565
Additions	71,759	71,759
Disposals	(58,565)	(58,565)
At 30 September 2019	71,759	71,759
Depreciation		
At 1 October 2018	37,521	37,521
Charge for the year	17,942	17,942
Eliminated on disposal	(37,521)	(37,521)
At 30 September 2019	17,942	17,942
Carrying amount		
At 30 September 2019	53,817	53,817
At 30 September 2018	21,044	21,044

5 Debtors

	Note	2019 £	2018 £
Amounts owed by connected companies	9	392,126	616,833
Other debtors		4,780	11,831
Total current trade and other debtors		396,906	628,664

6 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	6.1	102,316	140,000
Trade creditors		5,955	5,805
Taxation and social security		34,076	62,962
Other creditors		152,501	140,879
Accrued expenses		13,509	46,604
Corporation tax liability		53,868	68,797
		362,225	465,047

Direct FM Limited

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

6 Creditors (continued)

Creditors: amounts falling due after more than one year

	Note	2019 £	2018 £
Due after one year			
Loans and borrowings	6.1	18,183	-

6.1 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
HP and finance lease liabilities	4,816	-
Loans from directors	97,500	140,000
	<u>102,316</u>	<u>140,000</u>

	2019 £	2018 £
Non-current loans and borrowings		
Hire purchase contracts	<u>18,183</u>	<u>-</u>

7 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary share of £1 each	100	100	100	100

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:
Holders of the ordinary share capital have a right to vote and receive dividends.

8 Dividends

Interim dividends paid

	2019 £	2018 £
Interim dividend of £2,500 (2018 - £2,800) per each Ordinary share	250,000	280,000

Direct FM Limited

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

9 Related party transactions

Summary of transactions with other related parties

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

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

During the year the company received goods and services from Direct Control Systems Limited of £587,950 (2018: £457,605).

Page 9

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.