

REGISTERED NUMBER: SC345442 (Scotland)

SYSTAL TECHNOLOGY SOLUTIONS LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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SYSTAL TECHNOLOGY SOLUTIONS LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:

G J O'Neil
N J Nicolson
D Cumming
S Taylor

REGISTERED OFFICE:

Rowan House
1 Robroyston Oval
Nova Business Park
Glasgow
G33 1AP

REGISTERED NUMBER:

SC345442 (Scotland)

AUDITORS:

Hardie Caldwell LLP
Statutory Auditors
Chartered Accountants
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

BANKERS:

Clydesdale Bank
56 Murray Place
Stirling
FK8 2BX

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

Significant growth in 2020 has been driven by demand for Systal's class leading portfolio of managed and transformation services. This organic trend will continue in 2021, underpinned by extended commitments from Systal long term customer relationships and new global service success stories together with Systal US and Systal APAC.

Key growth highlights include turnover increase of 48.5%. Gross Profit has increased to £8.3m and underlying Net Profit after tax of £4.5m.

Systal continues its investment strategy to support controlled growth through people development, expanded secure operating centre facilities and new technologies.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks and uncertainties affecting the company continue to be competition within the IT industry, shortages of skilled staff and settlement of accounts.

FUTURE OUTLOOK

The company is continuing to develop its worldwide customer base. The company continues to look for further development opportunities.

KEY PERFORMANCE INDICATORS

The directors have concluded that analysis using key performance indicators to gain an understanding of the development, performance or position of the company's business is not required due to the detail given in the financial statements.

ON BEHALF OF THE BOARD:

N J Nicolson - Director

16 August 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

G J O'Neil
N J Nicolson
D Cumming

Other changes in directors holding office are as follows:

S Taylor was appointed as a director after 31 December 2020 but prior to the date of this report.

J H Anderson ceased to be a director after 31 December 2020 but prior to the date of this report.

SHARE CAPITAL

The share capital is owned by Systal Holdings Limited. See note 21 for further details regarding the ultimate parent company information.

FINANCIAL RISK MANAGEMENT

The company's financial instruments comprise cash at bank, invoice discounting facility, bank loans and hire purchase facilities. The main purpose of these instruments is to raise adequate finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate fluctuations and liquidity risk. It is the company's policy to finance its operations through a mixture of cash and borrowing and to review periodically the mixture of these instruments with regard to the projected cash flow requirements of the company at an acceptable level of exposure.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

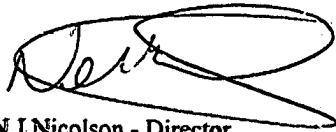
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Hardie Caldwell LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'N J Nicolson', written over a horizontal line.

N J Nicolson - Director

16 August 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SYSTAL TECHNOLOGY SOLUTIONS LIMITED (REGISTERED NUMBER: SC345442)**

Opinion

We have audited the financial statements of Systal Technology Solutions Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SYSTAL TECHNOLOGY SOLUTIONS LIMITED (REGISTERED NUMBER: SC345442)**

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 Report of the Directors.

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

- adequate accounting records have not been kept, 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 Statement of Directors' Responsibilities set out on page three, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SYSTAL TECHNOLOGY SOLUTIONS LIMITED (REGISTERED NUMBER: SC345442)**

Auditors' 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 a Report of the Auditors 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.

Extent to which the audit is capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations - this responsibility lies with management with the oversight of the directors.

Based on our understanding of the company and industry, discussions with management and directors we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of fraud;
- enquiry of management about the company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- enquiry of management, about litigations and claims and inspection of relevant correspondence
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates, including the amounts recoverable on contracts, depreciation of fixed assets, carrying value of accruals and revenue recognition;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions, outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SYSTAL TECHNOLOGY SOLUTIONS LIMITED (REGISTERED NUMBER: SC345442)**

Use of our report

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 a Report of the Auditors 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.



Angus McCuaig (Senior Statutory Auditor)
for and on behalf of Hardie Caldwell LLP
Statutory Auditors
Chartered Accountants
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

25 August 2021

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
TURNOVER	3	27,810,723	18,728,471
Cost of sales		19,494,318	13,551,997
GROSS PROFIT		8,316,405	5,176,474
Administrative expenses		2,875,642	2,820,747
		5,440,763	2,355,727
Other operating income		287,453	55,490
OPERATING PROFIT	5	5,728,216	2,411,217
Interest payable and similar expenses	6	38,832	72,628
PROFIT BEFORE TAXATION		5,689,384	2,338,589
Tax on profit	7	1,152,169	462,437
PROFIT FOR THE FINANCIAL YEAR		4,537,215	1,876,152

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		4,537,215	1,876,152
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,537,215</u>	<u>1,876,152</u>


The notes form part of these financial statements

SYSTAL TECHNOLOGY SOLUTIONS LIMITED (REGISTERED NUMBER: SC345442)

**BALANCE SHEET
31 DECEMBER 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	9	806,949	457,577
CURRENT ASSETS			
Debtors	10	7,680,471	5,977,902
Cash at bank and in hand		1,710,622	958,241
		<u>9,391,093</u>	<u>6,936,143</u>
CREDITORS			
Amounts falling due within one year	11	<u>3,956,056</u>	<u>4,855,397</u>
NET CURRENT ASSETS		<u>5,435,037</u>	<u>2,080,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,241,986</u>	<u>2,538,323</u>
CREDITORS			
Amounts falling due after more than one year	12	(76,882)	(33,333)
PROVISIONS FOR LIABILITIES	17	<u>(103,107)</u>	<u>(74,158)</u>
NET ASSETS		<u><u>6,061,997</u></u>	<u><u>2,430,832</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	154	154
Share premium	19	64,950	64,950
Retained earnings	19	<u>5,996,893</u>	<u>2,365,728</u>
SHAREHOLDERS' FUNDS		<u><u>6,061,997</u></u>	<u><u>2,430,832</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 August 2021 and were signed on its behalf by:



N J Nicolson - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	154	1,227,076	64,950	1,292,180
Changes in equity				
Dividends	-	(737,500)	-	(737,500)
Total comprehensive income	-	1,876,152	-	1,876,152
Balance at 31 December 2019	154	2,365,728	64,950	2,430,832
Changes in equity				
Dividends	-	(906,050)	-	(906,050)
Total comprehensive income	-	4,537,215	-	4,537,215
Balance at 31 December 2020	154	5,996,893	64,950	6,061,997

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

Systal Technology Solutions Limited is a private company, limited by shares, registered in Scotland. The company's registered number is SC345442 and its registered office is Rowan House, 1 Robroyston Oval, Nova Business Park, Glasgow, G33 1AP.

The principal activity of the company is the provision of IT goods and services.

The financial statements are presented in Sterling, which is also the functional currency of the company.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

In their assessment of going concern the directors have considered the impact on the business as a result of the COVID-19 virus. This has not had a significant, immediate impact on the company's operations given the online nature of much of the business. The directors continue to review the situation and any potential impact on the company's operations.

The company is in a strong financial position. Having considered budgets and cash flows, monthly management accounts and available working capital to include considerations for COVID-19, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to believe the going concern basis of accounting appropriate in preparing the financial statements.

Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key source of estimation uncertainty that has a significant effect on the amounts recognised in the financial statements is the value of the amounts recoverable on contracts.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

As the company is included in the consolidated financial statements of Systal Holdings Limited, it is entitled to take advantage of various disclosure exemptions within FRS 102. As a result, the company has elected not to prepare a cash flow statement.

Related party exemption

The company has taken advantage of exemption, under Section 33 of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with other group companies.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Revenue recognition

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Turnover for the sale of goods is recognised when the company has transferred to the buyer the risks and rewards of ownership.

Turnover for the provision of services is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the stage of completion can be measured reliably.

Grant income is measured at the fair value of the asset received or receivable. Grant income received in the year has been recognised by the company using the accruals method. The grant income is recognised in income on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

Tangible fixed assets

Tangible assets are stated in the balance sheet 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 of fixed assets is calculated to write off the cost or valuation less any residual value over their estimated useful lives as follows:

Improvements to property	- 10 years
Motor Vehicles	- 25% reducing balance
Fixtures and Fittings	- 20% reducing balance

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax movements.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Hire purchase and leasing commitments

Rentals payable under hire purchase contracts are charged against the resultant creditor with any interest element being charged against income as the charges arise. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Amounts recoverable on contracts

Amounts recoverable on contracts results when the risks and rewards of ownership have passed for the provision of IT goods and services. For projects spanning the year end, amounts recoverable on contract arises based on the % completion of the project.

Deferred Income

Deferred income results when payments have been received prior to the risks and rewards of ownership passing.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

Debtors

Debtors, excluding prepayments, are recognised at the settlement amount due with appropriate allowances for any irrecoverable amounts when there is objective evidence that the asset is impaired.

Cash at cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and cash at bank with a short term of maturity, being 12 months or less, from the opening of the deposit or similar account.

Creditors

Creditors due in less one year are all recognised where the company has a present obligation resulting from a past event and are recognised at the settlement amount due after allowing for any trade discounts due.

Loans

Loans, are measured initially at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method.

Employee benefits

The company makes contributions into personal pension plans. Contributions are charged to the profit and loss account in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	27,601,559	18,126,642
Europe	203,509	432,808
United States of America	-	168,216
Asia	5,655	805
	<u>27,810,723</u>	<u>18,728,471</u>

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	7,056,553	5,839,644
Social security costs	647,906	512,748
Other pension costs	209,567	317,239
	<u>7,914,026</u>	<u>6,669,631</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. EMPLOYEES AND DIRECTORS - continued

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

	2020	2019
Admin	22	18
Engineers	175	134
	<u>197</u>	<u>152</u>

The remuneration paid to the personnel deemed to be key management in the year was £73,346 (2019: £250,417).

	2020	2019
	£	£
Directors' remuneration	36,000	36,000
Directors' pension contributions to money purchase schemes	36,000	213,000
	<u>72,000</u>	<u>249,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Other operating leases	181,814	156,374
Depreciation - owned assets	117,231	104,068
(Profit)/loss on disposal of fixed assets	(6,114)	632
Auditors' remuneration	15,500	9,200
Grant income	287,453	-
	<u>578,884</u>	<u>269,274</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	-	27
VAT surcharge and interest	15,309	-
Invoice finance interest	17,723	65,734
Loan	1,981	3,608
Hire purchase	3,819	3,259
	<u>38,832</u>	<u>72,628</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	1,123,220	472,014
Under/(over) provision in prior year	-	435
Total current tax	1,123,220	472,449
Deferred tax	28,949	(10,012)
Tax on profit	<u>1,152,169</u>	<u>462,437</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>5,689,384</u>	<u>2,338,589</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,080,983	444,332
Effects of:		
Expenses not deductible for tax purposes	71,754	16,834
Capital allowances in excess of depreciation	(29,517)	-
Depreciation in excess of capital allowances	-	10,848
Adjustments to tax charge in respect of previous periods	-	435
Deferred tax movements	28,949	(10,012)
Total tax charge	<u>1,152,169</u>	<u>462,437</u>

8. DIVIDENDS

	2020 £	2019 £
"A" Ordinary shares of £1 shares of £1 each		
Final	906,050	614,500
"B" Ordinary shares of £1 shares of £1 each		
Final	-	123,000
	<u>906,050</u>	<u>737,500</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Motor vehicles £	Fixtures and fittings £	Totals £
COST				
At 1 January 2020	269,777	175,951	339,585	785,313
Additions	255,027	188,876	81,562	525,465
Disposals	-	(141,020)	-	(141,020)
At 31 December 2020	524,804	223,807	421,147	1,169,758
DEPRECIATION				
At 1 January 2020	104,045	83,699	139,992	327,736
Charge for year	36,387	31,780	49,064	117,231
Eliminated on disposal	-	(82,158)	-	(82,158)
At 31 December 2020	140,432	33,321	189,056	362,809
NET BOOK VALUE				
At 31 December 2020	384,372	190,486	232,091	806,949
At 31 December 2019	165,732	92,252	199,593	457,577

The net book value of assets held under hire purchase contracts as at 31 December 2020 was £188,824 (2019: £90,037).

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	4,914,558	3,816,296
Amounts owed by group undertakings	263,929	2,783
Amounts recoverable on contracts	2,197,207	1,655,606
Other debtors	1,100	44,511
Directors' current accounts	136,370	354,566
Prepayments	167,307	104,140
	<u>7,680,471</u>	<u>5,977,902</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 13)	33,333	2,529,999
Hire purchase contracts (see note 14)	37,625	89,812
Trade creditors	755,540	572,839
Amounts owed to group undertakings	35,822	45,289
Tax	525,098	257,015
Social security and other taxes	265,032	215,589
Pensions	39,800	33,721
VAT	1,224,766	297,144
Other creditors	34,005	54,664
Accruals and deferred income	1,005,035	759,325
	<u>3,956,056</u>	<u>4,855,397</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Other loans (see note 13)	-	33,333
Hire purchase contracts (see note 14)	76,882	-
	<u>76,882</u>	<u>33,333</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	2,496,666
Bank loans	33,333	33,333
	<u>33,333</u>	<u>2,529,999</u>
Amounts falling due between two and five years:		
Bank loans	-	33,333
	<u>-</u>	<u>33,333</u>

14. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Net obligations repayable:		
Within one year	37,625	89,812
Between one and five years	76,882	-
	<u>114,507</u>	<u>89,812</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank overdraft	-	2,496,666
Hire purchase contracts	114,507	89,812
Bank loan	33,333	66,666
	<u>147,840</u>	<u>2,653,144</u>

The Clydesdale Bank PLC hold a Floating Charge over the assets of the company.

Hire purchase contracts are secured against the assets which the liability relates.

16. FINANCIAL INSTRUMENTS

	2020 £	2019 £
Financial assets measured at amortised cost	<u>9,223,786</u>	<u>6,832,003</u>
Financial liabilities measured at amortised cost	<u>4,032,938</u>	<u>4,888,730</u>

	2020 £	2019 £
Interest income and expense:		
Total interest expenditure for financial liabilities held at amortised cost	38,832	72,628

Financial assets measured at amortised cost relate to cash at bank and in hand and debtors falling due within one year, excluding prepayments.

Financial liabilities measured at amortised cost relate to liabilities stated in note 11 and 12.

Total interest expenditure for financial liabilities held at amortised cost relates to costs stated in note 6.

17. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax	<u>103,107</u>	<u>74,158</u>
		Deferred tax
		£
Balance at 1 January 2020		74,158
Accelerated capital allowances		28,949
Balance at 31 December 2020		<u>103,107</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020 £	2019 £
Number:	Class:			
150	"A" Ordinary shares of £1	£1	150	150
4	"B" Ordinary shares of £1	£1	4	4
			<u>154</u>	<u>154</u>

19. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	2,365,728	64,950	2,430,678
Profit for the year	4,537,215		4,537,215
Dividends	(906,050)		(906,050)
At 31 December 2020	<u>5,996,893</u>	<u>64,950</u>	<u>6,061,843</u>

20. PENSION COMMITMENTS

The company contributes to a defined contribution scheme on behalf of certain directors and employees. The contributions amounted to £242,336 (2019: £165,779). At the year end there was £39,800 to be collected by the pension scheme providers (2019: £24,750).

21. ULTIMATE PARENT COMPANY

Systal Holdings Limited, a company incorporated in Great Britain and registered in Scotland, was the immediate and ultimate parent company of Systal Technology Solutions Limited up until 2 March 2021. Systal Holdings Limited owns 100% of the share capital of Systal Technology Solutions Limited.

Copies of the consolidated financial statements of Systal Holdings Limited are available to the public from its registered office at Rowan House 1, Robroyston Oval, Glasgow, G33 1AP.

From the 2 March 2021, the ultimate parent company of Systal Technology Solutions Limited is Sarah Topco Limited, a company incorporated in Great Britain and registered in England and Wales.

22. TOTAL COMMITMENTS

Non-cancellable operating leases - commitments over the remaining life of those leases fall due as follows:

	2020 £	2019 £
Within one year	172,038	108,399
Between one and five years	<u>1,091,683</u>	<u>386,508</u>
	<u>1,263,721</u>	<u>494,907</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020 £	2019 £
Director 1		
Balance outstanding at start of year	111,765	39,256
Amounts advanced	64,183	132,509
Amounts repaid	(142,250)	(60,000)
Balance outstanding at end of year	<u>33,698</u>	<u>111,765</u>
	2020 £	2019 £
Director 2		
Balance outstanding at start of year	139,031	71,637
Amounts advanced	76,723	160,394
Amounts repaid	(142,250)	(93,000)
Balance outstanding at end of year	<u>73,504</u>	<u>139,031</u>
	2020 £	2019 £
Director 3		
Balance outstanding at start of year	103,771	26,686
Amounts advanced	67,356	137,085
Amounts repaid	(142,250)	(60,000)
Balance outstanding at end of year	<u>28,877</u>	<u>103,771</u>

24. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the Balance Sheet. The company's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that is required in the rapidly changing market in which the company operates and to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objectives, policies and processes during the year.

The company is not subject to either internally or externally imposed capital requirements.

25. RELATED PARTY DISCLOSURE

In the year ended 31 December 2020, the non-executive director provided consultancy services to the company. The consultancy services recognised within expenses for the year amounted to £18,000 (2019: £22,875).