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**COVENCO RECOVERY SERVICES LIMITED**

**COMPANY NUMBER 3059168**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**



**KING LOOSE & CO**  
**ACCOUNTANTS**  
**ST JOHN'S HOUSE**  
**5 SOUTH PARADE**  
**SUMMERTOWN**  
**OXFORD OX2 7JL**

**COVENCO RECOVERY SERVICES LIMITED**

**COMPANY INFORMATION**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

Directors	S. H. O'Connell Esq. M. H. Creasey Esq. S. D. Hollingsworth Esq. G. Sohal Esq. M. J. Troup Esq. P. M. Flynn Esq.
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Secretary	M. H. Creasey Esq.
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Company number	3059168
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Registered office	5 South Parade Summertown Oxford OX2 7JL /
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Accountants	King Loose & Co Accountants St John's House 5 South Parade Summertown Oxford OX2 7JL
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Bankers	Barclays Bank plc PO Box 23 Hamilton Road Slough Berkshire SL1 4NX
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**COVENCO RECOVERY SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2018**

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**COVENCO RECOVERY SERVICES LIMITED**

**ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE  
UNAUDITED FINANCIAL STATEMENTS OF COVENCO RECOVERY SERVICES LIMITED**

In accordance with the engagement letter, and in order to assist you to fulfil your duties under the Companies Act 2006, we have compiled the financial statements of the company which comprise the Profit and Loss Account and Balance Sheet and related notes, from the accounting records and information you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permissible by law, we do not accept nor assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with the technical guidance issued by the Institute of Chartered Accountants in England and Wales, and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the Balance Sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements for the year ended 31st December 2018 that give a true and fair view under the Companies Act 2006. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

*King, Loose & Co*

*16th September 2019*

**King Loose & Co**  
**Accountants**  
**St John's House**  
**5 South Parade**  
**Summertown**  
**Oxford OX2 7JL**

**COVENCO RECOVERY SERVICES LIMITED**

**BALANCE SHEET (COMPANY NUMBER 3059168)**

**AS AT 31ST DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Fixed Assets</b>			
Tangible assets	5	122,635	159,184
<b>Current Assets</b>			
Stocks		102,818	112,547
Debtors	6	972,733	697,618
Cash at bank and in hand		201,961	413,685
		<u>1,277,512</u>	<u>1,223,850</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,257,570)</u>	<u>(1,185,286)</u>
<b>Net Current assets</b>		<u>19,942</u>	<u>38,564</u>
<b>Total Assets Less Current Liabilities</b>		<u>142,577</u>	<u>197,748</u>
<b>Provisions for Liabilities and Charges</b>	9	<u>(11,850)</u>	<u>(10,600)</u>
<b>Net Assets</b>		<u><u>130,727</u></u>	<u><u>187,148</u></u>
<b>Capital and Reserves</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>130,627</u>	<u>187,048</u>
<b>Total Shareholders' Funds</b>		<u><u>130,727</u></u>	<u><u>187,148</u></u>

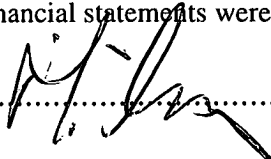
The directors consider that for the year ended 31st December 2018 the company was entitled to exemption from the requirement to have an audit under the provisions of Section 477 of the Companies Act 2006. No member or members have deposited a notice requesting an audit for the current financial year under Section 476 of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 386 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Sections 393 and 394, and which otherwise comply with the requirements of the Act relating to the financial statements, so far as applicable to the company.

The financial statements are prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies regime.

No profit and loss account is presented in accordance with Section 444(5a) of the Companies Act 2006.

The financial statements were approved by the board of directors on ..... 16th September ..... 2019

.....  


**M. H. Creasey Esq.**  
**Director**

The notes on pages 3 to 11 form an integral part of these financial statements.

**COVENCO RECOVERY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

**1. Company information**

Covenco Recovery Services Limited ('the company') is a limited company incorporated in the United Kingdom. The address of the registered office is:

5 South Parade  
Summertown  
Oxford OX2 7JL

The principal activity of the company throughout the current and previous periods was that of the provision of disaster recovery services in respect of computer installations.

These financial statements have been presented in sterling (£) as this is the currency of the primary economic environment in which the company operates.

**COVENCO RECOVERY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

**2. Accounting policies**

**Basis of preparation**

These financial statements have been prepared under the historical cost convention, in accordance with the accounting policies set out below, FRS 102 Section 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Companies Act 2006.

**Going concern**

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The directors considers that the going concern basis is appropriate to the presentation of the financial statements.

**Revenue recognition**

**1. Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:-

- a. The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c. the amount of revenue can be measured reliably;
- d. it is probable that the economic benefits associated with the transaction will flow to the company; and
- e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is therefore recognised when the customer accepts delivery of the product and the product is installed.

**2. Revenue from contracts with customers**

When the outcome of a transaction involving the rendering of services can be estimated reliably the company recognises revenue associated with the contract by reference to the stage of completion of the contract at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:-

- a. the amount of revenue can be measured reliably;
- b. it is probable that the economic benefits associated with the contract will flow to the entity;
- c. the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- d. the costs incurred for the contract and the costs to complete the transaction can be measured reliably.

Revenue for support services is therefore recognised proportionally over the performance of the service contract.

# **COVENCO RECOVERY SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31ST DECEMBER 2018**

#### **3. Commission income**

Commission revenue is earned where the company acts as an agent to provide services to third parties. Commissions are recognised as revenue when there is no obligation to provide further service.

#### **Taxation**

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

#### **Foreign currencies**

Foreign currency transactions are translated into Pounds Sterling using the exchange rate prevailing at the date the transactions took place. Where this is not possible to determine, income and expense items are translated using an average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit and loss.

#### **Leases**

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

#### **Pension costs**

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents the amounts payable by the company to the funds in respect of the year.



# **COVENCO RECOVERY SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31ST DECEMBER 2018**

#### **Tangible fixed assets**

Tangible fixed assets held for the company's own use are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives at the following rates:

Short leasehold		
property improvements	-	Straight line over the life of the lease
Fixtures, fittings		
and equipment	-	33% reducing balance basis

Assets held under finance leases are depreciated in the same way as owned assets.

At each balance sheet date the company reviews the carrying amount of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If such an indication exists the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted when the time value of money is material.

#### **Financial instruments**

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments, which comprise cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. The company has chosen to apply the provisions of Section 11 Basic Financial Instruments in full.

#### **Financial assets - classified as basic financial instruments**

- i) Cash and cash equivalents  
Cash and cash equivalents include cash in hand, deposits held with banks, and other short term highly liquid investments with original maturities of three months or less.
- ii) Trade and other receivables  
Trade and other receivables that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment 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. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit and loss.

**COVENCO RECOVERY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

- iii) Trade and other payables and loans and borrowings  
Trade and other payables that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

**Critical accounting judgements and key sources of estimation uncertainty**

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amount of assets and liabilities. The estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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.

3. Employees	<u>2018</u>	<u>2017</u>
	<u>Number</u>	<u>Number</u>
<b>Number of employees</b>		
The average monthly numbers of employees (including the directors) during the year were:	17	16

**4. Employee benefits**

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents the amounts payable by the company to the funds in respect of the year.

**COVENCO RECOVERY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2018**

<b>5. Tangible assets</b>	<b><u>Short leasehold property improvements</u></b>	<b><u>Fixtures, fittings and equipment</u></b>	<b><u>Total</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1st January 2018	257,013	326,349	583,362
Additions	-	14,065	14,065
At 31st December 2018	257,013	340,414	597,427
<b>Depreciation</b>			
At 1st January 2018	192,721	231,457	424,178
Charge for the year	11,613	39,001	50,614
At 31st December 2018	204,334	270,458	474,792
<b>Net book value</b>			
At 31st December 2018	52,679	69,956	122,635
At 31st December 2017	64,292	94,892	159,184

<b>6. Debtors</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>£</b>	<b>£</b>
Trade debtors	659,523	527,054
Corporation tax repayable	-	41,505
Prepayments and accrued income	313,210	129,059
	972,733	697,618

<b>7. Creditors: amounts falling due within one year</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>£</b>	<b>£</b>
Trade creditors	218,357	283,353
Corporation tax	20,500	-
Other taxes and social security costs	81,326	64,559
Accruals and deferred income	937,387	837,374
	1,257,570	1,185,286

The company has given a debenture and cross guarantee, dated 7th May 2013, to Barclays Bank plc. The cross guarantee and debenture covers all amounts owed by Covenco Recovery Services Limited, Covenco Applied Technologies Limited and Covenco (U. K.) Limited and is mirrored by matching guarantees given by Covenco Applied Technologies Limited and Covenco (U. K.) Limited.

**COVENCO RECOVERY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

<b>8. Provisions</b>	<b><u>Deferred taxation (Note 9)</u></b> £	<b><u>Total</u></b> £
At 1st January 2018	10,600	10,600
Movements in the year	1,250	1,250
At 31st December 2018	<u>11,850</u>	<u>11,850</u>

<b>9. Deferred tax</b>	<b><u>2018</u></b> £	<b><u>2017</u></b> £
Included in provision (note 8)	<u>11,850</u>	<u>10,600</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b><u>2018</u></b> £	<b><u>2017</u></b> £
Accelerated capital allowances	<u>11,850</u>	<u>10,600</u>

<b>10. Share capital</b>	<b><u>2018</u></b> £	<b><u>2017</u></b> £
<b>Authorised</b>		
100,000 ordinary shares of 1 pence each	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>		
10,000 ordinary shares of 1 pence each	<u>100</u>	<u>100</u>

<b>11. Equity Reserves</b>	<b><u>Profit and loss account</u></b> £	<b><u>Total</u></b> £
At 1st January 2018	187,048	187,048
Profit for the year	70,443	70,443
Equity Dividends	(126,864)	(126,864)
At 31st December 2018	<u>130,627</u>	<u>130,627</u>

**COVENCO RECOVERY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

**12. Operating lease commitments**

The company has an ongoing commitment in respect of premises rent amounting to approximately £126,000 per annum for the foreseeable future.

**13. Contingent liabilities**

The company has given a debenture and cross guarantee, dated 7th May 2013, to Barclays Bank plc. The cross guarantee and debenture covers all amounts owed by Covenco Recovery Services Limited, Covenco Applied Technologies Limited and Covenco (U.K.) Limited and is mirrored by matching guarantees given by Covenco Applied Technologies Limited and Covenco (U.K.) Limited.

At 31st December 2018, the net combined indebtedness to Barclays Bank plc was £1,311,173.

**COVENCO RECOVERY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2018**

**14. Related party transactions**

Covenco Recovery Services is associated with Covenco (U.K.) Limited by virtue of certain common shareholders and directors. Charges at market value are made by Covenco (U.K.) Limited to Covenco Recovery Services Limited for management and administration services and for interest on commercial loans as follows:-

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>£</b>	<b>£</b>
Management and administration services	51,349	40,892
Other transactions with Covenco (U.K.) Limited were as follows:-		
Purchases from Covenco (U.K.) Limited	188,457	483,449
Due to Covenco (U.K.) Limited	1,260	12,768
Sales to Covenco (U.K.) Limited	10,379	18,384
Due from Covenco (U.K.) Limited	-	-

Covenco Recovery Services is associated with Covenco Applied Technologies Limited by virtue of certain common shareholders and directors. Transactions with the above company were as follows:-

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>£</b>	<b>£</b>
Purchases from Covenco Applied Technologies Limited	451,675	135,510
Due to Covenco Applied Technologies Limited	958	64,298
Sales to Covenco Applied Technologies Limited	101,844	24,403
Due from Covenco Applied Technologies Limited	-	-