

REGISTERED NUMBER: 02322420 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
FOR
KRCS (DIGITAL SOLUTIONS) LIMITED**



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FOR THE YEAR ENDED 30 JUNE 2018**

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KRCS (DIGITAL SOLUTIONS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2018**

DIRECTORS:

KJ Woods
P J Woods
R A Woods

SECRETARY:

KJ Woods

REGISTERED OFFICE:

Queens Court
Lenton Lane
Nottingham
NG7 2NR

REGISTERED NUMBER:

02322420 (England and Wales)

AUDITORS:

Kenneth Law Sowman & Co
3 Leicester Road
Oadby
Leicester
LE2 5BD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018**

The directors present their report with the financial statements of the company for the year ended 30 June 2018.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2017 to the date of this report.

KJ Woods
P J Woods
R A Woods

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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.

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.

KRCS (DIGITAL SOLUTIONS) LIMITED (REGISTERED NUMBER: 02322420)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018**

AUDITORS

The auditors, Kenneth Law Sowman & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD.



KJ Woods - Secretary

25 March 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KRCS (DIGITAL SOLUTIONS) LIMITED

Opinion

We have audited the financial statements of KRCS (Digital Solutions) Limited (the 'company') for the year ended 30 June 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 30 June 2018 and of its loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in 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 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 AUDITORS TO THE MEMBERS OF KRCS (DIGITAL SOLUTIONS) LIMITED

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 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 two, 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.

Auditors' responsibilities for the audit of the financial statements

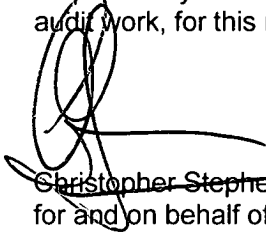
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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
KRCS (DIGITAL SOLUTIONS) LIMITED**

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.



Christopher Stephen Sowman (Senior Statutory Auditor)
for and on behalf of Kenneth Law Sowman & Co
3 Leicester Road
Oadby
Leicester
LE2 5BD

25 March 2019

KRCS (DIGITAL SOLUTIONS) LIMITED (REGISTERED NUMBER: 02322420)

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 £	2017 £
TURNOVER		11,955,871	20,471,383
Cost of sales		10,379,220	18,445,089
GROSS PROFIT		1,576,651	2,026,294
Distribution costs		751,323	793,993
Administrative expenses		894,127	1,229,888
		1,645,450	2,023,881
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION		(68,799)	2,413
Tax on (loss)/profit	5	(13,104)	100
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(55,695)	2,313

The notes form part of these financial statements

KRCS (DIGITAL SOLUTIONS) LIMITED (REGISTERED NUMBER: 02322420)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 £	2017 £
(LOSS)/PROFIT FOR THE YEAR		(55,695)	2,313
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(55,695)</u>	<u>2,313</u>

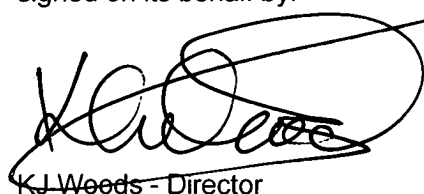
The notes form part of these financial statements

KRCS (DIGITAL SOLUTIONS) LIMITED (REGISTERED NUMBER: 02322420)

BALANCE SHEET
30 JUNE 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	6	112,447	169,584
CURRENT ASSETS			
Stocks	7	322,941	522,325
Debtors	8	697,052	598,589
Cash at bank		51,826	101,030
		<u>1,071,819</u>	<u>1,221,944</u>
CREDITORS			
Amounts falling due within one year	9	<u>1,113,865</u>	<u>1,257,732</u>
NET CURRENT LIABILITIES		<u>(42,046)</u>	<u>(35,788)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		70,401	133,796
PROVISIONS FOR LIABILITIES	10	-	7,700
NET ASSETS		<u>70,401</u>	<u>126,096</u>
CAPITAL AND RESERVES			
Called up share capital	11	10,000	10,000
Retained earnings	12	60,401	116,096
SHAREHOLDERS' FUNDS		<u>70,401</u>	<u>126,096</u>

The financial statements were approved by the Board of Directors on 25 March 2019 and were signed on its behalf by:



KJ Woods - Director

The notes form part of these financial statements

KRCS (DIGITAL SOLUTIONS) LIMITED (REGISTERED NUMBER: 02322420)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2016	10,000	113,783	123,783
Changes in equity			
Total comprehensive income	-	2,313	2,313
Balance at 30 June 2017	10,000	116,096	126,096
Changes in equity			
Total comprehensive income	-	(55,695)	(55,695)
Balance at 30 June 2018	10,000	60,401	70,401

The notes form part of these financial statements

KRCS (DIGITAL SOLUTIONS) LIMITED (REGISTERED NUMBER: 02322420)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(31,769)</u>	<u>(10,135)</u>
Net cash from operating activities		<u>(31,769)</u>	<u>(10,135)</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(17,435)</u>	<u>-</u>
Net cash from investing activities		<u>(17,435)</u>	<u>-</u>
 Decrease in cash and cash equivalents		<u>(49,204)</u>	<u>(10,135)</u>
Cash and cash equivalents at beginning of year	2	101,030	111,165
 Cash and cash equivalents at end of year	2	<u><u>51,826</u></u>	<u><u>101,030</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
(Loss)/profit before taxation	(68,799)	2,413
Depreciation charges	74,572	139,674
	<u>5,773</u>	<u>142,087</u>
Decrease in stocks	199,384	64,602
(Increase)/decrease in trade and other debtors	(93,059)	63,334
Decrease in trade and other creditors	(143,867)	(280,158)
	<u>(31,769)</u>	<u>(10,135)</u>
Cash generated from operations	(31,769)	(10,135)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2018

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	<u>51,826</u>	<u>101,030</u>

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u>101,030</u>	<u>111,165</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. STATUTORY INFORMATION

KRCS (Digital Solutions) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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.

The accounts have been prepared on a going concern basis notwithstanding the deficiency of current assets as compared with current liabilities. In arriving at this conclusion the directors have taken into account their budgets and forecasts for the year ahead, the trading performance achieved in the first six months of the 2016/2017 financial year, the support available to the company from KRCS Group Limited and the facilities available to the company from the group's bankers. Taking all of these factors into consideration the directors are satisfied that the going concern basis remains appropriate in the preparation of these financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - Over the period of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	690,378	730,783
Social security costs	50,983	49,379
Other pension costs	3,627	4,140
	<u>744,988</u>	<u>784,302</u>

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

	2018	2017
Sales staff	<u>40</u>	<u>48</u>

	2018	2017
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2017 - operating profit) is stated after charging:

	2018	2017
	£	£
Other operating leases	255,238	379,564
Depreciation - owned assets	74,572	139,674
Management charges	<u>280,000</u>	<u>280,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018

5. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2018 £	2017 £
Deferred tax	(13,104)	100
Tax on (loss)/profit	<u>(13,104)</u>	<u>100</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

The difference is explained below:

	2018 £	2017 £
(Loss)/profit before tax	<u>(68,799)</u>	<u>2,413</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	(13,072)	458
Effects of:		
Expenses not deductible for tax purposes	(32)	-
Depreciation in excess of capital allowances	-	21,429
Corporation tax losses carried forward	-	(21,787)
Total tax (credit)/charge	<u>(13,104)</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 July 2017	617,796
Additions	17,435
Disposals	(179,944)
At 30 June 2018	<u>455,287</u>
DEPRECIATION	
At 1 July 2017	448,212
Charge for year	74,572
Eliminated on disposal	(179,944)
At 30 June 2018	<u>342,840</u>
NET BOOK VALUE	
At 30 June 2018	<u>112,447</u>
At 30 June 2017	<u>169,584</u>

7. STOCKS

	2018 £	2017 £
Stocks	<u>322,941</u>	<u>522,325</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	622,561	529,976
Deferred tax asset	5,404	-
Prepayments	69,087	68,613
	<u>697,052</u>	<u>598,589</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts owed to participating interests	638,306	721,311
Social security and other taxes	468,067	482,727
Accrued expenses	7,492	53,694
	<u>1,113,865</u>	<u>1,257,732</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018

10. PROVISIONS FOR LIABILITIES

	2017 £ <u>7,700</u>
Deferred tax	
	Deferred tax £
Balance at 1 July 2017	7,700
Credit to Income Statement during year	<u>(13,104)</u>
Balance at 30 June 2018	<u>(5,404)</u>

The provision for deferred taxation arises from the acceleration of allowances for taxation purposes in excess of depreciation charges in the accounts less relief for taxation losses carried forward.

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018 £	2017 £
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

12. RESERVES

	Retained earnings £
At 1 July 2017	116,096
Deficit for the year	<u>(55,695)</u>
At 30 June 2018	<u>60,401</u>

13. PENSION COMMITMENTS

The company operates a defined contribution pension scheme with the pension costs being charged to the profit and loss account as they accrue. The pension cost for the period was £3,627 (2017 - £4,140.)

14. ULTIMATE PARENT COMPANY

The ultimate parent company is Developing Insight Limited.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

15. CONTINGENT LIABILITIES

The company has provided an unlimited cross guarantee in respect of any borrowings by the company and KRCS Group Limited. At 30 June 2018 the maximum exposure to the company is £nil (2017 - £nil).

The company is a member of a group for the purposes of VAT Registration. At 30 June 2018 the group (in this context) has a liability of £89,944. The accounts of the company include VAT payable of £468,067.

16. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr KJ Woods as a result of his control of Developing Insight Limited.