

Company Registration No. 02039252 (England and Wales)

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr L J Sullivan Mr T P Armitage Mr N L Cope Ms J Franklin Mr M T James Mr D Leaver
Secretary	Mr A Halls
Company number	02039252
Registered office	Coins Building 11 St Laurence Way Slough Berkshire SL1 2EA
Auditor	CBW Audit Limited 66 Prescott Street London E1 8NN
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

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CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

CHAIRMANS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The chairman presents his statement for the year ended 31 March 2020.

The company turnover has decreased by 3.6% whilst the balance sheet has strengthened by 8.2% over the previous year, prior to declaring a dividend of £500,000 to the holding company.

This year's results reflect further consolidation of our leading position in the UK and the reorganisation of our Australian enterprise. In the UK, the market continues to experience some uncertainty arising from the trade talk outcomes with the EU, now we have the certainty of BREXIT. However, the focus on BREXIT was overtaken by the Coronavirus Pandemic, which did slow both software deal flow and the volume of software implementations in the short term as construction contractors and homebuilders put the brakes on their capital and project-based spending. At the time of writing this report the initial signs are that this major period of uncertainty is coming to an end as both software deal flow and implementation projects are picking up. In the medium to long term, our view is that this initial negativity will provide a springboard for significant investment in Housing, Construction and Infrastructure spending, driven by governments, which will directly, and positively, affect our clients. We are in a very good position to add value to our customers businesses as we move into the "new normal" following Brexit and the COVID-19 pandemic.

We remain driven by our sustained focus on innovation, research and development and have taken the decision not to scale this back. We had another good year of new name business and this year's financial performance remains impressive when set against the backdrop of the shift in the marketplace to subscription rather than upfront software licensing and the continuing strong investment in R&D.

Our UK head office, as a Centre for excellence, continually fosters an environment to support the growth of the business in the UK, Australia and worldwide. The ways of delivering our services to clients has changed, utilising the many digital technologies now available. This has been one of the positive impacts of the challenges we currently face as a result of the COVID-19 pandemic.

Our investment into the development of our innovative value-based solutions goes from strength to strength, with a continued focus on mobile and cloud applications all hosted on Microsoft Azure infrastructure. We intend to maintain our investment levels.

We continue to support the COINS Grand Challenge which was held in Manchester in conjunction with leading construction companies and academic institutions. This is a global competition to identify new and emerging technology in the built environment. The 2020 event was planned to be in the USA but instead was hosted virtually, on-line, which was our own "challenge" which we took on with our usual resilience and enthusiasm.

The Group continues to support a range of causes globally through the COINS Foundation and to provide office accommodation to Habitat for Humanity.

I welcome our new staff and my thanks go once again to all existing COINS staff in the UK and Australia for their hard work and to all our customers for their ongoing support in our business endeavors and growth.

Finally, we look forward to collaborating with our customers, both existing and new, to find new and innovative ways of adding value to their businesses and the communities in which they work.

On behalf of the board



.....
Mr L J Sullivan

Director

23/12/20

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Fair review of the business

The company turnover has decreased by 3.6% with the balance sheet strengthening by 8.2% over the previous year, prior to declaring a dividend of £500k to the holding company reflecting our underlying after-tax profitability.

The company had another good year in terms of the acquisition of new name customers but in line with the market approach, the vast majority of the company's sales orders are now taken on a 5 year subscription basis. This continues to have a short-term negative impact on Revenue, Profits and cash flow over the more traditional upfront ILF (Initial License Fee) model.

The last month of the Financial Year saw a small impact from the Coronavirus Pandemic and the year generally has seen some delays in licence deals due to the uncertainty of Brexit and the associated Trade talks. The business has continued to invest its resources in people and Research and Development which, together with the SaaS sales model delays gratification in revenue, profit and cash flow as revenue is spread over a typical period of 5 years

Principal risks and uncertainties

The principal risks and uncertainties for the group are:

COVID19 – marginally impacted the Company results in the current accounts. The continuing impact of Covid-19 has been mitigated by the use of the UK & Australian Governments' support schemes and the flexibility afforded by our staff.

Brexit – "Brexit" did undoubtedly have some impact on the construction industry as deal flow slowed and imported material prices increased, putting added pressure on slender construction industry margins. This did have a small impact on our business and as such we are closely monitoring the situation because of the continued uncertainty arising from the ongoing trade talks with the EU. Despite the short term uncertainty, in general we remain optimistic that the Company will see significant medium to long term benefit from increased government spend on infrastructure projects as they attempt to buffer the UK and Australian economies from the effects of Brexit, in the case of the UK and more recently COVID – 19 in both the UK and Australia. More recently, the UK government's change in stamp duty has given UK homebuilders a much needed boost on the back of slower sales in the COVID-19 lock down period.

Retention of clients – the company's record here is excellent supported by delivery of high quality services levels and a sustained investment in innovation and product development.

Retention of key staff - the company has had and continues to have a high retention of its key staff.

Business and customer confidence – in the short term there is still a level of uncertainty as our clients await clarity regarding the impact of EU Brexit trade talks and the ongoing COVID-19 measures. We remain very optimistic about the medium to long term prospects of the construction sector overall and believe we are in a strong position to take advantage of future opportunities.

Future Developments

The company continues to consolidate its position as a leading supplier of computer software system solutions to construction contractors and Homebuilders. We expect the level of underlying profitability to flatten in the next year whilst the economy acclimatises to the impact of Brexit, COVID-19 and our shift to a subscription-based revenue model. Profitability is then expected to continue to grow as the full impact of the subscription-based revenue model come through and the UK and Australian economies stabilise following Brexit talks and the immediate impact of COVID-19. The company is seeking complementary business opportunities to support its organic growth.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

Turnover £23,765,066 (2019: £24,644,765)

Profit before Tax £1,389,631 (2019: £499,409)

The net shareholder funds were £13,293,720 (2019: £11,747,841)

Other performance indicators

The company's headcount increased from 203 to 219.

Other information and explanations

The company has various financial instruments available to it, including loans, cash, and other items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations as required.

The company has relatively low mortgages outstanding against a sizable owned property portfolio.

The existence of these financial instruments exposes the company to several financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, currency risk, liquidity risk, cash flow interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Market risk

Market risk encompasses two types of risk, currency risk and fair value interest rate risk. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "Interest rate risk" below.

Currency risk

The company is exposed to translation foreign exchange risk on the assets and liabilities of its overseas branch in Australia. The company also has debtor and creditor balance with other members of the group headed by CSB Holdings Limited some of which are denominated in foreign currencies. Sales to customers in continental Europe are invoiced in Sterling. Sales to customers in Australia are invoiced in Australian dollars by the Australian branch.

Liquidity

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The maturity of borrowing is set out in note 23 to the financial statement.

Interest rate risk

The company finances its operations through a mixture of retained profits and very limited bank borrowings. Interest rates on the company's bank loan is linked to the standard variable interest rate of Barclays Bank PLC. The company is also exposed to fair value interest rate risk on its trade debtors and creditors, as these do not attract interest.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Credit risk

The company's principal assets are cash and trade debtors. The credit risk associated with cash balances is managed by the company monitoring the financial position of the counterparties involved. In order to manage credit risk arising from trade debtors, the directors set limits for customers based on a combination of payment history and third-party credit references.

Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

On behalf of the board



.....
Mr L J Sullivan

Director

23/12/20
.....

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The company is principally engaged in the development, installation of and the provision of services for computer software systems and solutions.

Branches

The results for the year include the results of the Company's Australian branch.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr L J Sullivan
Mr T P Armitage
Mr N L Cope
Ms J Franklin
Mr M T James
Mr D Leaver

Results and dividends

The profit for the year, after taxation, amounted to £1,938,887 (2019: £762,641).

The company paid dividends of £500,000 during the year (2019: £1,000,000). The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

Research and development costs of £6,056,293 (2019: £4,728,842) were expensed in the year. This is an increase of 28.1% on the prior year.

Future developments

The company continues to consolidate its position as a leading supplier of computer software system solutions to builders, contractors and the building industry and expects its level of profitability to continue to grow with revenue. The company continues to seek complementary business opportunities to support its organic growth.

Auditor

CBW Audit Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Matters covered in the Strategic Report

The business review, principal risks and uncertainties and information on financial risk management objectives and policies are contained in the Strategic Report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Donations

The company paid donations of £520,756 (2019: £503,611) during the year.

On behalf of the board



.....
Mr L J Sullivan
Director

Date: 23/12/20.....

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the annual report 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). 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.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Construction Industry Solutions Limited (the 'company') for the year ended 31 March 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 March 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

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 and the directors' report.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Rose (Senior Statutory Auditor)
for and on behalf of CBW Audit Limited

23112/20

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	4	23,765,066	24,644,765
Cost of sales		(9,340,024)	(10,176,193)
Gross profit		<u>14,425,042</u>	<u>14,468,572</u>
Administrative expenses		(16,172,178)	(14,288,896)
Other operating income		1,014,895	-
Operating (loss)/profit	5	<u>(732,241)</u>	<u>179,676</u>
Interest receivable and similar income	9	728,311	837,155
Interest payable and similar expenses	10	(27,147)	(55,994)
Amounts written off/(written back) investments	11	1,420,708	(461,428)
Profit before taxation		<u>1,389,631</u>	<u>499,409</u>
Tax on profit	12	549,256	263,232
Profit for the financial year		<u><u>1,938,887</u></u>	<u><u>762,641</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Profit for the year	1,938,887	762,641
Other comprehensive income		
Currency translation differences	106,993	5,530
Total comprehensive income for the year	<u>2,045,880</u>	<u>768,171</u>


CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	14		71,338		131,624
Tangible assets	15		2,104,259		2,139,826
Investment properties	16		2,893,626		2,460,115
Investments	17		1,890,355		1,680,345
			<u>6,959,578</u>		<u>6,411,910</u>
Current assets					
Stocks	19	20,507		69,040	
Debtors	20	18,341,905		16,666,469	
Cash at bank and in hand		5,672,253		4,902,507	
		<u>24,034,665</u>		<u>21,638,016</u>	
Creditors: amounts falling due within one year	21	<u>(16,926,213)</u>		<u>(15,249,861)</u>	
Net current assets			<u>7,108,452</u>		<u>6,388,155</u>
Total assets less current liabilities			<u>14,068,030</u>		<u>12,800,065</u>
Creditors: amounts falling due after more than one year	22		(475,476)		(753,390)
Provisions for liabilities	25		(298,834)		(298,834)
Net assets			<u>13,293,720</u>		<u>11,747,841</u>
Capital and reserves					
Called up share capital	30		1,020		1,020
Other reserves			-		69,687
Profit and loss reserves			13,292,700		11,677,134
Total equity			<u>13,293,720</u>		<u>11,747,841</u>

The financial statements were approved by the board of directors and authorised for issue on 23/12/20 and are signed on its behalf by:



Mr L J Sullivan
Director

Company Registration No. 02039252

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share-based payments reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2018		1,020	69,687	11,908,963	11,979,670
Profit for the year		-	-	762,641	762,641
Other comprehensive income:					
Currency translation differences		-	-	5,530	5,530
Total comprehensive income for the year		-	-	768,171	768,171
Dividends	13	-	-	(1,000,000)	(1,000,000)
Balance at 31 March 2019		1,020	69,687	11,677,134	11,747,841
Profit for the year		-	-	1,938,887	1,938,887
Other comprehensive income:					
Currency translation differences		-	-	106,993	106,993
Total comprehensive income for the year		-	-	2,045,880	2,045,880
Dividends	13	-	-	(500,000)	(500,000)
Credit to equity for equity settled share-based payments	29	-	-	69,686	69,686
Disposal of share based payments		-	(69,687)	-	(69,687)
Balance at 31 March 2020		1,020	-	13,292,700	13,293,720

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Construction Industry Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Coins Building, 11 St Laurence Way, Slough, Berkshire, SL1 2EA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Construction Industry Solutions Limited is a wholly owned subsidiary of CSB Holdings Limited and the results of Construction Industry Solutions Limited are included in the consolidated financial statements of CSB Holdings Limited which are available from COINS Building, 11 St Laurence Way, Slough, Berkshire, SL1 2EA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is based on the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts, with adjustments for deferred and accrued income as follows:

- income on installation contracts is recognised once the installation has been completed;
- income arising from the provision of consultancy services is recognised as the work is performed;
- income on maintenance contracts and combined license/maintenance contracts is recognised evenly over the period of the contract;
- income with respect to license fees (where it is possible to separate this from maintenance) is recognised once the license period has commenced.

Turnover is recognised on the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured.

1.4 Research and development expenditure

All research and development expenditure is written off in profit or loss in the period in which it is incurred.

1.5 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Goodwill	10 years straight line
Software	3 years straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2%
Plant and equipment	50%
Fixtures and fittings	25%
Computers	50%
Motor vehicles	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently, investment property is carried at fair value determined annually by internal valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.17 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factor which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of Investments

Where investments have a readily observable market value, management has valued the investment at this price. Where a market value is not readily available, management have valued investments using a mixture of historic cost and their experience and knowledge of the entity to value the investment accordingly. All gains and losses are taken through the statement of comprehensive income.

Recoverability of intra group loans

The company has provided loans to a fellow subsidiary company which are repayable on demand. Loans are impaired to their recoverable value should the counterparty not have sufficient resources to repay the loan on demand after taking all possible steps including the sale of trade and assets.

Impairment of trade and other debtors

The Group and company makes a judgement of the recoverable value of trade receivables. When assessing impairment, management considers factors including the current credit rating of the customer, the ageing profile of the receivable, historical expense and any other relevant specific knowledge.

Exemptions on transition to FRS 102

The company has elected to use the previous UK GAAP valuation of land and buildings as the deemed cost on transition to FRS 102. The assets are being depreciation from the date of transition, 1 April 2014, in accordance with the company's accounting policies.

3 Critical accounting estimates and assumptions

The company and group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. No estimates and assumptions are considered, by the directors, to have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale and provision of software services	23,765,066	24,644,765
	<u>23,765,066</u>	<u>24,644,765</u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4	Turnover and other revenue	(Continued)	
		2020	2019
		£	£
	Other significant revenue		
	Interest income	155,315	61,813
	Dividends received	572,996	775,342
	Grants received	26,801	-
		<u> </u>	<u> </u>
		2020	2019
		£	£
	Turnover analysed by geographical market		
	United Kingdom	22,343,114	22,606,063
	Australia	1,421,952	2,038,702
		<u> </u>	<u> </u>
		<u>23,765,066</u>	<u>24,644,765</u>
		<u> </u>	<u> </u>
		2020	2019
		£	£
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(220,475)	(16,349)
	Research and development costs	5,645,008	4,728,842
	Government grants	(26,801)	-
	Depreciation of owned tangible fixed assets	278,187	419,856
	Amortisation of intangible assets	119,429	136,760
	Operating lease charges	136,043	138,201
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	31,000	34,560
		<u> </u>	<u> </u>
	For other services		
	All other non-audit services	12,250	33,250
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2020 Number	2019 Number
219	203

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	11,523,704	11,353,428
Social security costs	1,269,615	1,212,609
Pension costs	511,428	337,540
	<u>13,304,747</u>	<u>12,903,577</u>

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	1,143,948	1,601,717
Company pension contributions to defined contribution schemes	20,469	16,644
	<u>1,164,417</u>	<u>1,618,361</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	234,098	663,609
Company pension contributions to defined contribution schemes	-	4,634

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	12,474	11,399
Other interest income	142,841	50,414
	<u>155,315</u>	<u>61,813</u>
Income from fixed asset investments		
Income from shares in group undertakings	572,996	775,342
	<u>728,311</u>	<u>837,155</u>

10 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	30,021	41,448
Interest on finance leases and hire purchase contracts	(3,072)	14,546
Other interest	198	-
	<u>27,147</u>	<u>55,994</u>

11 Amounts written off investments fixed asset investments

	2020	2019
	£	£
Changes in the fair value of investment properties	407,120	-
Amounts written back to/(written off) investments held at fair value	147,667	(461,428)
Other gains and losses	865,921	-
	<u>1,420,708</u>	<u>(461,428)</u>

12 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	<u>(549,256)</u>	<u>(263,232)</u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,389,631	499,409
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	264,030	94,888
Tax effect of expenses that are not deductible in determining taxable profit	(213,572)	164,509
Tax effect of income not taxable in determining taxable profit	(108,869)	(147,315)
Adjustments in respect of prior years	263,232	(263,232)
Research and development tax credit	(811,116)	(388,665)
Fixed asset difference	-	59,090
Deferred tax not recognised	-	108,985
Qualifying charitable donations unutilised	57,039	95,686
Adjust closing rate for deferred tax	-	12,822
Taxation credit for the year	(549,256)	(263,232)

13 Dividends

	2020 £	2019 £
Final paid	500,000	1,000,000

14 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 April 2019	146,500	680,584	827,084
Additions	-	59,143	59,143
At 31 March 2020	146,500	739,727	886,227
Amortisation and impairment			
At 1 April 2019	131,850	563,610	695,460
Amortisation charged for the year	14,650	104,779	119,429
At 31 March 2020	146,500	668,389	814,889
Carrying amount			
At 31 March 2020	-	71,338	71,338
At 31 March 2019	14,650	116,974	131,624

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 April 2019	2,033,183	474,569	119,739	498,981	383,593	3,510,065
Additions	3,025	3,500	1,330	135,283	139,503	282,641
Disposals	-	(76,063)	(298)	-	(171,868)	(248,229)
At 31 March 2020	2,036,208	402,006	120,771	634,264	351,228	3,544,477
Depreciation and impairment						
At 1 April 2019	244,429	429,586	108,177	386,034	202,013	1,370,239
Depreciation charged in the year	40,587	23,918	3,166	118,174	92,342	278,187
Eliminated in respect of disposals	-	(74,521)	-	-	(133,687)	(208,208)
At 31 March 2020	285,016	378,983	111,343	504,208	160,668	1,440,218
Carrying amount						
At 31 March 2020	1,751,192	23,023	9,428	130,056	190,560	2,104,259
At 31 March 2019	1,788,754	44,983	11,562	112,947	181,580	2,139,826

16 Investment property

	2020 £
Fair value	
At 1 April 2019	2,460,115
Additions through external acquisition	26,391
Net gains or losses through fair value adjustments	407,120
At 31 March 2020	2,893,626

Investment property comprises of freehold land and buildings. The fair value of the investment has been arrived at by management. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

17 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries and third party investments	18	1,890,355	1,680,345

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Fixed asset investments	(Continued)
Movements in fixed asset investments	
	Shares in group undertakings £
Cost or valuation	
At 1 April 2019	2,197,397
Additions	65,797
Foreign Exchange movement	(3,454)
At 31 March 2020	<u>2,259,740</u>
Impairment	
At 1 April 2019	517,052
Impairment losses	168,808
Impairment loss reversals	(316,475)
At 31 March 2020	<u>369,385</u>
Carrying amount	
At 31 March 2020	<u>1,890,355</u>
At 31 March 2019	<u><u>1,680,345</u></u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Pervasic Limited	11 St Laurence Way, Slough, Berkshire, SL1 2EA	Provisions of technology and related services	Ordinary Shares	100.00
S&J Management Services Limited	11 St Laurence Way, Slough, Berkshire, SL1 2EA	Holding Company	Ordinary Shares	100.00
E-xact Online Limited*	11 St Laurence Way, Slough, Berkshire, SL1 2EA	Product Subscriptions	Ordinary Shares	100.00
Construction Industry Solutions Ireland Limited [^]	13-18 City Quay, Dublin, 2	Provisions of technology and related services	Ordinary Shares	100.00
Diamonds Software Limited	11 St Laurence Way, Slough, Berkshire, SL1 2EA	Business and domestic software development	Ordinary Shares	100.00
Construction Industry Solutions ME FZC ^{^^}	PO Box 120118, Saif Lounge R2-82002, Sharjah Airport International Free Zone, Sharjah, UAE	Provisions of technology and related services	Ordinary Shares	90.00
Gane International Limited	Unit 4 Adwalton Business Park, Wakefield Road, Drighlington, Bradford, West Yorkshire, BD11 1DR	Dormant	Ordinary Shares	100.00
Fulcro Engineering Services Limited	Unit 3a Wxford Park, Georges Elm Lane, Bidford-On-Avon, Alcester, Warwickshire, B50 4JS	Design and construction services	Ordinary Shares	51.00
Metz Architects Limited ^{**}	Unit 3a Wxford Park, Georges Elm Lane, Bidford-On-Avon, Alcester, Warwickshire, B50 4JS	Architectural Services	Ordinary Shares	51.00
Construction Industry Solutions (Australia) Pty Limited ^{^^^}	King George Central, Level 18, 145 Ann Street, Brisbane, QLD 4000	Dormant	Ordinary Shares	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Pervasic Limited	568,468	104,970
S&J Management Services Limited	214,203	100,000
E-xact Online Limited*	179,205	114,955
Construction Industry Solutions Ireland Limited [^]	547,361	691,358
Diamonds Software Limited	(29,812)	-
Construction Industry Solutions ME FZC ^{^^}	(1,216,937)	457,981
Gane International Limited	85,118	-
Fulcro Engineering Services Limited	1,600,942	967,187
Metz Architects Limited ^{**}	100	-
Construction Industry Solutions (Australia) Pty Limited ^{^^^}	55	-

*Held indirectly through S&J Management Services Limited

**Held indirectly through Fulcro Engineering Services Limited

[^]Country of incorporation is Ireland

^{^^}Country of incorporation is United Arab Emirates

^{^^^}Country of incorporation is Australia

All other companies are incorporated in England and Wales

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Stocks	2020	2019
	£	£
Raw materials and consumables	20,507	69,040

20 Debtors	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	3,168,499	3,778,583
Unpaid share capital	1,020	1,020
Corporation tax recoverable	864,592	499,117
Amounts owed by group undertakings	8,595,215	7,516,992
Other debtors	3,877,970	2,808,344
Prepayments and accrued income	1,834,609	2,062,413
	<u>18,341,905</u>	<u>16,666,469</u>

An impairment provision of £395,209 (2019: £420,854) has been recognised against trade debtors.

An impairment provision of £327,931 (2019: £486,322) has been recognised against other debtors.

An impairment provision of £1,639,909 (2020: £1,948,745) has been recognised against amounts owed by group undertakings.

21 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	23	256,757	256,757
Obligations under finance leases	24	33,771	116,677
Trade creditors		1,164,834	1,023,507
Amounts owed to group undertakings		4,523,506	2,367,280
Taxation and social security		1,165,333	1,089,064
Deferred income		8,311,864	7,828,466
Other creditors		130,165	153,221
Accruals		1,339,983	2,414,889
		<u>16,926,213</u>	<u>15,249,861</u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	23	475,476	703,182
Obligations under finance leases	24	-	50,208
		<u>475,476</u>	<u>753,390</u>

23 Loans and overdrafts

	2020 £	2019 £
Bank loans	732,233	959,939
Payable within one year	256,757	256,757
Payable after one year	475,476	703,182
	<u>732,233</u>	<u>959,939</u>

The borrowings in the account represent a bank loan with for a term of 10 years being repaid in 120 instalments.

Interest is charged at 2.75% above the base rate.

The bank loan is secured by a charge over the property held by the company and a cross guarantee and debenture with its parent company CSB Holdings Limited.

24 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	33,771	116,677
In two to five years	-	50,208
	<u>33,771</u>	<u>166,885</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

25 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	26	298,834	298,834
		<u>298,834</u>	<u>298,834</u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2020	2019
Balances:	£	£
Accelerated capital allowances	248,326	248,326
Tax losses	(9,617)	(9,617)
Revaluations	60,125	60,125
	<u>298,834</u>	<u>298,834</u>

There were no deferred tax movements in the year.

The company has an unrecognised deferred tax asset of £322,100 (2019: £435,000) in respect of tax losses carried forward. The asset has not been recognised as recognition criteria have not been met.

27 Government grants

The government grant recognised in operating profit was received from the Australian Tax Office in response to the COVID-19 pandemic.

28 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>511,428</u>	<u>337,540</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

29 Share-based payment transactions

CSB Holdings Limited, the company's parent undertaking, had a share option scheme for certain employees (including directors) of the group, which included some employees of this company. Options were exercisable at a price agreed with HM Revenue and Customs at the date of the grant. The remaining options expired during the year, and as at the balance sheet date the share options in issue were nil.

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

30 Share capital

	2020	2019
	£	£
Ordinary share capital		
Authorised		
2,000 Ordinary Shares of £1 each	2,000	2,000
	<u> </u>	<u> </u>
Issued and not fully paid		
1,020 Ordinary Shares of £1 each	1,020	1,020
	<u> </u>	<u> </u>

31 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	105,799	119,884
Between two and five years	108,483	151,128
	<u> </u>	<u> </u>
	<u>214,282</u>	<u>271,012</u>

CONSTRUCTION INDUSTRY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

32 Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33 'Related Party Disclosures' from the requirement to disclose transactions with wholly owned group companies on the grounds that all the group companies are wholly owned.

The Company has provided interest free loans to Directors of the company. The amount outstanding at 31 March 2020 was £201,759 (2019: £193,097).

The Company has provided a loan to a Director, on which interest is charged at the official HMRC rate. The total amount outstanding as at 31 March 2020 was £844,914 (2019: £786,840).

Amounts were outstanding to the Company from related parties by virtue of common control and Directorship as at 31 March 2020 of £306,974 (2019: £331,351). There is a provision against this balance of £272,871 (2019: £273,695). Income of £65,785 (2019: £101,284) was generated from these companies and purchases of £117,247 (2019: £213,524)

Amounts were outstanding to the Company from related parties by virtue of common control as at 31 March 2020 of £2,997,249 (2019: 1,135,155).

Amounts were outstanding from the Company to related parties by virtue of common control as at 31 March 2020 of £501 (2019: £2,663). £87,014 (2019: £45,399) of purchases were made by the Company during the year.

33 Ultimate controlling party

The directors consider that the company's ultimate parent undertaking is its parent company, CSB Holdings Limited, incorporated in England and Wales.

The directors consider that the ultimate controlling party is Mr L J Sullivan, by virtue of his majority shareholding in CSB Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by CSB Holdings Limited. Copies of these financial statements are available from companies house.