

CDS SUPPORT LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2020

CDS SUPPORT LIMITED

COMPANY INFORMATION

Directors	F R E Bailie R H Bradley P G Walter V Wordsworth (appointed 3 February 2020)
Company secretary	V Wordsworth
Registered number	10459658
Registered office	The Bramery Alstone Lane Cheltenham GL51 8HE
Independent auditor	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditor York House Thornfield Business Park Northallerton DL6 2XQ
Bankers	Bank of Ireland 275-279 Antrim Road Glengormley Co Antrim BT36 7QN

CDS SUPPORT LIMITED

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CDS SUPPORT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report for the year ended 31 December 2020. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review

CDS Defence & Security is an engineering consultancy supporting the Defence industry. The business ensures the safe and effective use of Defence equipment, shapes the future leadership of the Armed Forces and protects the confidentiality, integrity and availability of data. The organisation works with public and private sector organisations to provide training, supportability services and cyber assurance.

2020 was the second year of a 3 year strategic plan, aimed at growing each Group company through a series of strategic workstreams. Investment in previous years in sales, marketing and talent had the desired impact, which enabled the Group to mitigate the impact of the Covid-19 pandemic. Turnover for the year was £11.3m, an increase from £10.3m in 2019. Control on costs during periods of uncertainty allowed the business to trade profitably, albeit at a lower level than plans developed pre pandemic. Company profit for 2020 was £764k compared to £825k in 2019.

The Covid-19 pandemic had an impact on the organisation in multiple areas. Over 80% of the business moved to home working in March, whilst those who couldn't work from home worked from Covid secure locations. As most organisations reacted to the impact of Covid, the Company saw a delay in new business decision making across most sectors in Q2 and a corresponding reduction in pipeline and orderbook. Sectors such as Higher Education and Automotive were hit the hardest in terms of current projects cancelled and pipeline reduced throughout the duration of 2020. The Company was planning for significant growth in 2020 due to previous investment, but the pandemic meant that each business was impacted financially as work levels and orderbook reduced through Q2 and Q3. However, the Directors were determined to continue planned investment in future growth, particularly around new services aligned to sales and marketing to drive the company forward. This saw business levels increase towards the end of the year, positioning the business strongly for 2021 and beyond.

Whilst CDS Defence & Security was impacted by Covid 19 due to delays in decision making and social distancing at secure sites, previous investment in sales and marketing provided regular income through several enduring contracts within the Defence sector. The business invested in Cyber resource and capability to build a consultancy targeted on providing Insider Threat services, with the focus on pipeline development in 2020. The company also benefited from a 5-year contract award to deliver operational support services to the MOD.

The cash at year-end was £629k, boosted in part by strong cash controls and a focus on reducing aged debt. Cash reserves have been earmarked for specific identified investments to achieve business objectives.

CDS SUPPORT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of the company have acted in a way which is likely to promote the success of the company for the benefits of its members as a whole and in doing so had regard (among other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

Employee engagement is at the heart of our culture. We are committed to becoming a Top 100 Group to work for and as such conduct regular staff engagement surveys. The Company currently performs ahead of benchmark organisations in similar sectors and services. Talent is at the heart of the growth plans for the Company for the next 3 years. The Company's overall engagement score improved from 2019, with staff stating they believed the company had prioritised their health and well-being during the pandemic and that communication had been excellent. Employees are consulted on decisions which affect them through a combination of online tools and focus groups led by our People team, which includes a Head of People and Talent Manager. Employees are kept informed of changes in the company and company performance through video notifications on the company intranet as well as monthly town hall briefings.

The Board of Directors continued to pursue an investment strategy split between internal investment on R&D, new skills and services in each operating company, acquiring new companies to come into the Group structure and commercial property in strategic locations with Group companies and third-party tenants providing rental income.

Corporate Social responsibility is a major objective and the Company delivered against this. The Company has an active apprenticeship programme in place to boost employment opportunities in the communities we work in. Each Group company has a nominated charity, encouraging and matching fundraising across its teams.

Principal risks and uncertainties

A risk to the Company is the reliance on public sector business which currently accounts for 80% of the revenues. Given the diverse nature of the Company, longer term contracts and the expanded customer base, the severity of this risk has diminished compared to previous years. In addition, the Company has put in place sales plans and structures to promote and generate work in other sectors such as Security and Utilities. The Company continues to improve and diversify its service offering to succeed in a competitive environment.

An additional risk to the Company is the defined benefit pension scheme within CDS and Defence & Security. The deficit is being actively managed, and a deficit reduction plan has been agreed. The company believes the recovery plan is in the interests of all stakeholders as it strikes a balance between deficit reduction and reinvestment in the company.

Looking ahead, the Company is well placed to continue to offer modern communications and is ideally positioned to assist organisations within targeted growth services such as training and cyber.

Financial key performance indicators

The directors consider turnover, gross profit percentage, profit before tax and cash position to be the key measures of financial performance. The Company enjoyed a year of growth in 2020. Turnover increased from £10.3m to £11.3m. This was a result of regular income through several enduring contracts within the Defence sector. Gross margin improved from 37% to 41%.

CDS SUPPORT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board and signed on its behalf.

F R E Bailie
Director

Date: 30 September 2021

CDS SUPPORT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £763,895 (2019 - £825,416).

As in previous years, the Directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

F R E Baillie
R H Bradley
P G Walter
V Wordsworth (appointed 3 February 2020)

Future developments

The Directors anticipate that any future developments would relate to the principal activities. The business has set ambitious financial growth targets for the organisation to achieve by 2021.

CDS SUPPORT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

F R E Bailie

Director

Date: 30 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CDS SUPPORT LIMITED

Opinion

We have audited the financial statements of CDS Support Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CDS SUPPORT LIMITED (CONTINUED)

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 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 4, 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.

CDS SUPPORT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CDS SUPPORT LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CDS SUPPORT LIMITED (CONTINUED)

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.

Simon Turner (Senior statutory auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants

Statutory Auditor

Northallerton

30 September 2021

CDS SUPPORT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020	2019
		£	£
Turnover	4	11,299,974	10,339,477
Cost of sales		(6,699,401)	(6,524,543)
Gross profit		4,600,573	3,814,934
Administrative expenses		(4,072,667)	(3,309,083)
Other operating income	5	26,872	-
Operating profit	6	554,778	505,851
Tax on profit	10	209,117	319,565
Profit after tax		<u>763,895</u>	<u>825,416</u>
Retained earnings at the beginning of the year		1,974,630	1,149,214
Profit for the year		763,895	825,416
Retained earnings at the end of the year		<u>2,738,525</u>	<u>1,974,630</u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 25 form part of these financial statements.

CDS SUPPORT LIMITED
REGISTERED NUMBER: 10459658

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	77,292	103,792
Tangible assets	12	125,705	72,733
		202,997	176,525
Current assets			
Debtors: amounts falling due within one year	13	5,861,532	5,085,893
Cash at bank and in hand	14	629,026	468,578
		6,490,558	5,554,471
Creditors: amounts falling due within one year	15	(3,946,971)	(3,752,016)
		2,543,587	1,802,455
Total assets less current liabilities		2,746,584	1,978,980
Provisions for liabilities			
Deferred tax	16	(8,058)	(4,349)
		2,738,526	1,974,631
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account		2,738,525	1,974,630
		2,738,526	1,974,631

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

F R E Bailie
Director

Date: 30 September 2021

The notes on pages 12 to 25 form part of these financial statements.

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

1. General information

CDS Support Limited is a private company limited by shares registered in England and Wales. The registered office address of the company is The Bramery, Alstone Lane, Cheltenham, GL51 8HE.

The principal activity of the company is engineering consultancy supporting the Defence industry.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bailie Group Limited as at 31 December 2020 and these financial statements may be obtained from Greystone Press, Caulside Drive, Antrim, BT41 2RS.

2.3 Going concern

The directors of CDS Support Limited have reviewed the resources available, including those from the wider Bailie Group, and believe that the Company has adequate resources to continue in operational existence for the foreseeable future.

The directors have considered the impact to date and potential future impact of COVID-19 on the business and, while they expect that this will have an adverse effect, believe that the Company will be able to manage the impact through prudent management of its cash resources, availing of the various support mechanisms announced by the UK Government and taking appropriate strategic measures within the wide Bailie Group, as required.

Accordingly, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful life for goodwill is 20 years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20%
Motor vehicles	- 25%
Fixtures and fittings	- 20%
Office equipment	- 20%
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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

2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

CDS SUPPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to the related actual results.

The key source of estimation uncertainty in applying the accounting policies is the recoverability of trade debtors and intercompany debtors. The bad debt provision included in the financial statements is calculated based on post year end cash receipts and past knowledge and experience of the company's customers. The recoverability of intercompany debtors is assessed based on the trading position and net assets of the related group companies.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2020	2019
	£	£
JRS income receivable	26,872	-
	<u>26,872</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Research & development charged as an expense	524	324
Exchange differences	9,557	13,331
Other operating lease rentals	62,044	68,327
	<u>62,044</u>	<u>68,327</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>6,000</u>	<u>5,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£	£
Wages and salaries	5,507,164	4,565,883
Social security costs	472,590	410,507
Cost of defined contribution scheme	210,494	172,441
	<u>6,190,248</u>	<u>5,148,831</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Employees	<u>118</u>	<u>85</u>

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	113,773	150,177
Company contributions to defined contribution pension schemes	14,433	9,031
	<u>128,206</u>	<u>159,208</u>

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

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10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(212,826)	(197,398)
Adjustments in respect of previous periods	-	(123,028)
	(212,826)	(320,426)
Deferred tax		
Origination and reversal of timing differences	3,709	861
	3,709	861
	(209,117)	(319,565)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	554,778	505,851
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	105,408	96,112
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	5,035	5,035
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,585	1,226
Adjustments to tax charge in respect of prior periods	-	(123,028)
R & D Relief	(380,494)	(360,172)
Loss surrendered for a tax credit	66,049	61,262
Other differences leading to an increase (decrease) in the tax charge	(6,700)	-
	(209,117)	(319,565)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
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11. Intangible assets

	Goodwill £
Cost	
At 1 January 2020	530,000
At 31 December 2020	<u>530,000</u>
Amortisation	
At 1 January 2020	426,208
Charge for the year on owned assets	26,500
At 31 December 2020	<u>452,708</u>
Net book value	
At 31 December 2020	<u>77,292</u>
At 31 December 2019	<u>103,792</u>

CDS SUPPORT LIMITED

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

12. Tangible fixed assets

	Plant and machinery	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2020	6,342	90,031	64,769	11,101	166,050	338,293
Additions	-	45,135	2,173	4,769	53,774	105,851
Disposals	(6,342)	(49,791)	(30,616)	(889)	(125,359)	(212,997)
At 31 December 2020	-	85,375	36,326	14,981	94,465	231,147
Depreciation						
At 1 January 2020	6,213	79,347	38,918	5,350	135,734	265,562
Charge for the year on owned assets	129	15,001	8,880	2,368	24,559	50,937
Disposals	(6,342)	(49,791)	(29,351)	(892)	(124,681)	(211,057)
At 31 December 2020	-	44,557	18,447	6,826	35,612	105,442
Net book value						
At 31 December 2020	-	40,818	17,879	8,155	58,853	125,705
At 31 December 2019	129	10,685	25,852	5,751	30,316	72,733

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13. Debtors

	2020	2019
	£	£
Trade debtors	1,175,466	1,384,259
Amounts owed by group undertakings	3,825,130	2,559,376
Other debtors	244,883	340,038
Prepayments and accrued income	616,053	802,220
	5,861,532	5,085,893
	5,861,532	5,085,893

14. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	629,026	468,578
	629,026	468,578
	629,026	468,578

15. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	260,183	553,790
Amounts owed to group undertakings	3,027,565	2,867,834
Other taxation and social security	298,042	174,481
Other creditors	23,884	992
Accruals and deferred income	337,297	154,919
	3,946,971	3,752,016
	3,946,971	3,752,016

16. Deferred taxation

	2020
	£
At beginning of year	4,349
Charged to profit or loss	3,709
	8,058
At end of year	8,058

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16. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	8,058	4,349
	8,058	4,349
	8,058	4,349

17. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	1	1
	1	1

18. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £210,494 (2019: £172,441). The outstanding contributions owed at the year end were £Nil (2019: £12,099).

19. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	148,361	174,952
Later than 1 year and not later than 5 years	489,054	285,655
Later than 5 years	196,734	-
	834,149	460,607
	834,149	460,607

20. Related party transactions

The company has taken advantage of the exemption contained in Section 33 of FRS 102 'Related Party Disclosures' from disclosing transactions with entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Controlling party

The immediate parent undertaking is Corporate Document Services Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Bailie Group Limited (formerly The Baird Group Limited), a company incorporated in Northern Ireland.

The group continue to be controlled by Mr R E Bailie O.B.E and his family throughout the current and previous year.

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