

Registered number: 08683243

OGL COMPUTER SERVICES GROUP LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



OGL COMPUTER SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	P A Byrne A D Patel Mrs P A Byrne D A Barton S J Chorley K L Colwell
Company secretary	A D Patel
Registered number	08683243
Registered office	Worcester Road Stourport-on-Severn Worcestershire DY13 9AT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	Barclays Bank PLC 15 Colmore Row Birmingham West Midlands B2 2FS

OGL COMPUTER SERVICES GROUP LIMITED

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14 - 15
Notes to the financial statements	16 - 33

OGL COMPUTER SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

The Group specialises in the development of computer software and computerised information systems and the provision of computer services, products and support.

The Group has continued to remain focused on expanding the range of products and services offered to its customers.

The Group provides computerised information systems, software, hardware support services and products, cloud-based solutions and IT security services to SMEs and Mid-market customers throughout the UK and is focused on developing a diverse range of products and services to a rapidly changing marketplace. The Group has continued to invest in the research and development of its software, hardware products, cloud-based solutions and IT security in order to retain a competitive position in the market.

During the year the Group has continued to invest time in evaluating all of its current range of software products and continued with the implementation of a strategic development program for its range of software products for the future, so it can widen its customer base into different niche markets.

During the year the Group continued to focus on bespoke cloud based solutions for mid-market customers. The company's cloud specialists can architect, design, deploy and manage any type of cloud solution based on the customer's business needs. In particular the company focused on the provision of public cloud, private cloud and hybrid cloud delivery models. The public cloud solution means the customer's data would be stored at the company's state-of-the-art, maximum security data centre on hardware that is also tenanted by other companies. The customer's data is separated and protected from others' data by the tightest of security measures. A private cloud solution means the infrastructure is not located in a multi-tenanted environment, like the public cloud. Instead it is a cloud dedicated to a single organisation with most of the hardware within the cloud being owned by the customer. Internal policies, compliance, strict regulation or personal preference can all point towards a private cloud solution and this has been the preferred option for mid-market customers. A hybrid cloud solution allows the customer to have the best of both worlds. Some customers have chosen this solution so they can use a public cloud for non-sensitive, public-facing operations and the private cloud for locating business-critical, sensitive data.

During the year the Group continued to invest time in developing its range of cyber protection products and services to ensure it continues to establish its position in the marketplace in providing a managed cyber security offering to SME companies.

Over the past year the average number of staff has increased from 255 to 264 as the Group continues to focus on growth for the future.

OGL COMPUTER SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Financial key performance indicators

Turnover of the Group for the year was £21.6 million, which represents an increase of 7.5% on the preceding 12 month period. The growth in turnover is as a result of the continued focus by the Group on customer retention and increasing its customer base.

Operating profit for the year was £2.2 million, up 14.6% from the preceding 12 month period. The increase in operating profits has resulted from growth in the Group's customer base and service offerings.

Whilst we do not trade with the EU, many of our customers are in industries that may well be negatively affected by a hard Brexit. Despite this, we have seen no signs of a dip in our sales activity due to the ongoing uncertainty surrounding the terms and timing of Brexit.

The positive sales performances have continued into 2019 with turnover being ahead of forecast for the first six months. The Group anticipates this growth to continue in the second half of 2019.

Principal risks and uncertainties

The Group's activities expose it to certain risks and uncertainties which include competition and technology risks.

The Group continues to be faced with competition and technology risks as it operates in a rapidly changing marketplace and competitive industry.

In 2018 The Group has continued to focus on developing new products and services for its customers and potential customers to ensure that the Group continues to expand in a forever increasing competitive marketplace and ensuring that the Group is at the leading edge of technology. The main areas of focus continued to be on developing its software products and hosted solutions and the new development of IT security offerings.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, amounts owed to related parties, hire purchase and financial lease arrangements. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has no other significant financial instruments. The Group does not enter into derivative transactions. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Director reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's hire purchase and finance lease liabilities which are linked to bank base rate.

Credit risk

The Group only trades with recognised, creditworthy third parties. It is the group policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans from related entities.

OGL COMPUTER SERVICES GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

This report was approved by the board on 24 September 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A D Patel', with a long, wavy horizontal stroke extending to the right.

A D Patel
Secretary

OGL COMPUTER SERVICES GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £1,758,032 (2017 - £1,565,037).

The director did not recommend paying a dividend (2017: £Nil).

Director

The director who served during the year was:

P A Byrne

A D Patel, Mrs P A Byrne, D A Barton, S J Chorley and K L Colwell were appointed as directors on 12 April 2019.

Matters covered in the strategic report

Principal risks and uncertainties facing the group and key performance indicators have been included in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Group 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OGL COMPUTER SERVICES GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditor

Each of the persons who are directors confirms that:

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2019 and signed on its behalf.



A D Patel
Secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGL COMPUTER SERVICES GROUP LIMITED

Opinion

We have audited the financial statements of OGL Computer Services Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's 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 Group 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 Group's or the parent 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGL COMPUTER SERVICES GROUP
LIMITED (CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Director's 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 the audit:

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGL COMPUTER SERVICES GROUP LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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 Group's and the parent 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 Group or the parent 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: 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.



David White BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

25 September 2019

OGL COMPUTER SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	21,642,771	20,131,816
Cost of sales		(9,194,733)	(8,652,876)
Gross profit		12,448,038	11,478,940
Administrative expenses		(10,279,793)	(9,586,370)
Operating profit		2,168,245	1,892,570
Interest receivable and similar income	8	32,219	30,343
Interest payable and expenses	9	(6,833)	(18,276)
Profit before taxation		2,193,631	1,904,637
Tax on profit	10	(435,599)	(339,600)
Profit for the financial year		1,758,032	1,565,037
Profit for the year attributable to:			
Owners of the parent Company		1,758,032	1,565,037
		1,758,032	1,565,037

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 16 to 33 form part of these financial statements.

OGL COMPUTER SERVICES GROUP LIMITED
REGISTERED NUMBER:08683243

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	255,137	301,119
Tangible assets	12	1,342,291	1,856,656
		1,597,428	2,157,775
Current assets			
Stocks	14	435,957	341,116
Debtors: amounts falling due within one year	15	10,710,779	11,194,193
Cash at bank and in hand	16	6,351,544	3,409,612
		17,498,280	14,944,921
Creditors: amounts falling due within one year	17	(8,691,125)	(8,455,449)
Net current assets		8,807,155	6,489,472
Total assets less current liabilities		10,404,583	8,647,247
Creditors: amounts falling due after more than one year	18	-	(696)
Net assets		10,404,583	8,646,551
Capital and reserves			
Called up share capital	22	3,100	3,100
Profit and loss account	23	10,401,483	8,643,451
		10,404,583	8,646,551

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019.


P A Byrne
 Director


A D Patel
 Director

The notes on pages 16 to 33 form part of these financial statements.

OGL COMPUTER SERVICES GROUP LIMITED
REGISTERED NUMBER:08683243

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	13	3,000	3,000
		3,000	3,000
Current assets			
Debtors: amounts falling due within one year	15	2,514,809	2,569,881
Cash at bank and in hand	16	5,812,096	3,121,910
		8,326,905	5,691,791
Creditors: amounts falling due within one year	17	(1,309,271)	(2,736,023)
Net current assets		7,017,634	2,955,768
Total assets less current liabilities		7,020,634	2,958,768
Net assets		7,020,634	2,958,768
Capital and reserves			
Called up share capital	22	3,100	3,100
Profit and loss account	23	7,017,534	2,955,668
		7,020,634	2,958,768

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £4,061,866 (2017 - £597,580).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019.


P A Byrne
 Director


A D Patel
 Director

The notes on pages 16 to 33 form part of these financial statements.

OGL COMPUTER SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2018	3,100	8,643,451	8,646,551	8,646,551
Comprehensive income for the year				
Profit for the year	-	1,758,032	1,758,032	1,758,032
Total comprehensive income for the year	-	1,758,032	1,758,032	1,758,032
At 31 December 2018	3,100	10,401,483	10,404,583	10,404,583

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2017	3,100	7,078,414	7,081,514	7,081,514
Comprehensive income for the year				
Profit for the year	-	1,565,037	1,565,037	1,565,037
Total comprehensive income for the year	-	1,565,037	1,565,037	1,565,037
At 31 December 2017	3,100	8,643,451	8,646,551	8,646,551

The notes on pages 16 to 33 form part of these financial statements.

OGL COMPUTER SERVICES GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	3,100	2,955,668	2,958,768
Comprehensive income for the year			
Profit for the year	-	4,061,866	4,061,866
	-	4,061,866	4,061,866
Total comprehensive income for the year			
At 31 December 2018	<u>3,100</u>	<u>7,017,534</u>	<u>7,020,634</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	3,100	2,358,088	2,361,188
Comprehensive income for the year			
Profit for the year	-	597,580	597,580
	-	597,580	597,580
Total comprehensive income for the year			
At 31 December 2017	<u>3,100</u>	<u>2,955,668</u>	<u>2,958,768</u>

The notes on pages 16 to 33 form part of these financial statements.

OGL COMPUTER SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,758,032	1,565,037
Adjustments for:		
Amortisation of intangible assets	45,981	20,704
Depreciation of tangible assets	762,922	935,900
Loss on disposal of tangible assets	(36,300)	(86,343)
Interest paid	6,833	18,276
Interest received	(32,219)	(30,343)
Taxation charge	435,599	339,600
(Increase) in stocks	(94,839)	(20,106)
Decrease/(increase) in debtors	402,550	(858,544)
Decrease/(increase) in amounts owed by related parties	1,897	(300)
Increase in creditors	334,746	1,590,492
Increase/(decrease) in amounts owed to related parties	148,480	(113,455)
Corporation tax (paid)	(498,759)	(1,218,021)
Net cash generated from operating activities	3,234,923	2,142,897
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(281,846)
Purchase of tangible fixed assets	(252,188)	(217,771)
Sale of tangible fixed assets	39,937	86,800
Interest received	32,219	29,244
Finance lease interest paid	(4,102)	(10,891)
Net cash from investing activities	(184,134)	(394,464)

OGL COMPUTER SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from financing activities		
Repayment of finance leases	(106,126)	(99,906)
Interest paid	(2,731)	(7,385)
Net cash used in financing activities	<u>(108,857)</u>	<u>(107,291)</u>
Net increase in cash and cash equivalents	2,941,932	1,641,142
Cash and cash equivalents at beginning of year	3,409,612	1,768,470
Cash and cash equivalents at the end of year	<u>6,351,544</u>	<u>3,409,612</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,351,544	3,409,612
	<u>6,351,544</u>	<u>3,409,612</u>

The notes on pages 16 to 33 form part of these financial statements.

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

OGL Computer Services Group Limited is a limited liability company incorporated in England and Wales. The registered office address is Worcester Road, Stourport-on-Severn, Worcestershire, DY13 9AT.

The principal activity of the group and company is the provision of hardware support services, computerised information systems, software support services and products and cloud-based solutions to SMEs throughout the UK.

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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

As required, the directors have considered the ability of the group and company to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Based on this review, the directors have concluded that it is appropriate for these financial statements to be prepared on a going concern basis.

2.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Contract revenue is credited to the Consolidated statement of comprehensive income over the period to which the contract relates. Revenue from the sale of hardware is credited to the Consolidated statement of comprehensive income on delivery.

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 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.

The estimated useful lives range as follows:

Licenses	-	4 years
Software	-	10 years

2.6 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:

Leasehold improvements	-	straight line over the term of the lease
Motor vehicles	-	25% straight line
Office equipment	-	20% straight line
Computer equipment	-	25% straight line

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 the Consolidated statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Stock used for customer support ('loan stock') is recognised at cost and is written down as utilised at a rate of 25% per annum

2.9 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.

2.10 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.

2.11 Financial instruments

The Group 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 non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.12 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.

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.13 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.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income 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 Group in independently administered funds.

2.15 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the accruals method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 the Consolidated statement of comprehensive income in the year that the Group 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.17 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.19 Research and development

Research and development expenditure is expensed in the year in which it is incurred.

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of financial statements requires management to make significant judgements and estimates. The areas where these judgements and estimates have been made include:

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debt is maintained for estimated losses resulting from the viability of the company's customers to make required payment. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the financial year.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Rendering of services	13,778,547	13,168,081
Sale of goods	7,864,224	6,963,735
	<u>21,642,771</u>	<u>20,131,816</u>

All turnover arose within the United Kingdom.

5. Operating profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	762,922	935,900
Amortisation of intangible assets, including goodwill	45,982	20,704
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	25,650	24,900
Non-audit fees - taxation compliance services	12,800	11,000
Profit on sale of tangible fixed assets	<u>(36,300)</u>	<u>(86,343)</u>

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Employees

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

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Wages and salaries	8,961,888	8,388,765	626,349	588,750
Social security costs	1,015,995	955,274	85,248	80,376
Cost of defined contribution scheme	144,679	86,467	13,000	12,905
	<u>10,122,562</u>	<u>9,430,506</u>	<u>724,597</u>	<u>682,031</u>

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

	2018 No.	<i>2017 No.</i>
Technical staff	131	126
Sales and administrative staff	127	122
Senior management	5	6
Directors	1	1
	<u>264</u>	<u>255</u>

7. Directors' remuneration

	2018 £	<i>2017 £</i>
Directors' emoluments	<u>60,000</u>	<u>60,000</u>

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Interest receivable

	2018 £	2017 £
Bank interest	12,141	1,099
Other interest receivable	20,078	29,244
	<u>32,219</u>	<u>30,343</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Finance leases and hire purchase contracts	4,102	10,891
Interest on overdue tax	2,731	7,385
	<u>6,833</u>	<u>18,276</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	476,061	433,021
Adjustments in respect of previous periods	3,221	(50,403)
Total current tax	<u>479,282</u>	<u>382,618</u>
Deferred tax		
Origination and reversal of timing differences	(33,844)	(39,763)
Adjustment in respect of prior periods	(9,839)	(3,255)
Total deferred tax	<u>(43,683)</u>	<u>(43,018)</u>
Taxation on profit on ordinary activities	<u>435,599</u>	<u>339,600</u>

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>2,193,631</u>	<u>1,904,637</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	416,721	366,642
Effects of:		
Expenses not deductible for tax purposes	24,756	22,833
Adjustments to tax charge in respect of prior periods	(6,619)	(53,658)
Deferred tax not recognised	(67)	(1,243)
Adjustment to deferred tax in respect of tax charge	808	5,026
Total tax charge for the year	<u><u>435,599</u></u>	<u><u>339,600</u></u>

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Intangible assets

Group

	Licenses £	Software £	Total £
Cost			
At 1 January 2018	73,422	281,846	355,268
At 31 December 2018	<u>73,422</u>	<u>281,846</u>	<u>355,268</u>
Amortisation			
At 1 January 2018	51,800	2,349	54,149
Charge for the year	17,798	28,184	45,982
At 31 December 2018	<u>69,598</u>	<u>30,533</u>	<u>100,131</u>
Net book value			
At 31 December 2018	<u>3,824</u>	<u>251,313</u>	<u>255,137</u>
At 31 December 2017	<u>21,622</u>	<u>279,497</u>	<u>301,119</u>

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Tangible fixed assets

Group

	Leasehold improvements £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2018	637,685	2,328,294	518,126	2,576,409	6,060,514
Additions	-	23,000	86,522	142,672	252,194
Disposals	-	(358,040)	-	(22,867)	(380,907)
At 31 December 2018	<u>637,685</u>	<u>1,993,254</u>	<u>604,648</u>	<u>2,696,214</u>	<u>5,931,801</u>
Depreciation					
At 1 January 2018	90,730	1,762,452	324,986	2,025,690	4,203,858
Charge for the year	54,622	327,846	63,075	317,379	762,922
Disposals	-	(355,938)	-	(21,332)	(377,270)
At 31 December 2018	<u>145,352</u>	<u>1,734,360</u>	<u>388,061</u>	<u>2,321,737</u>	<u>4,589,510</u>
Net book value					
At 31 December 2018	<u>492,333</u>	<u>258,894</u>	<u>216,587</u>	<u>374,477</u>	<u>1,342,291</u>
At 31 December 2017	<u>546,955</u>	<u>565,842</u>	<u>193,140</u>	<u>550,719</u>	<u>1,856,656</u>

Included within the total net book value of tangible assets is £84,986 (2017: £159,663) in respect of assets held under finance leases and similar hire purchase contracts.

The depreciation charged on those assets during the year totalled £65,338 (2017: £74,678).

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2018	3,000
At 31 December 2018	3,000
Net book value	
At 31 December 2018	3,000
At 31 December 2017	3,000

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
OGL Computer Support Limited	Computer services and support	Ordinary	100%
OGL Software Limited	Development of computer software and computerised information systems	Ordinary	100%
Cyberguard Technologies Limited	Cyberguard security services	Ordinary	100%

14. Stocks

	Group 2018 £	<i>Group 2017 £</i>
Loan stock	112,583	94,129
Stocks	323,374	246,987
	435,957	341,116

Stock recognised in cost of sales during the year as an expense was £5,799,902 (2017: £5,280,139).

An impairment loss of £Nil (2017: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Debtors

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade debtors	7,582,348	<i>8,188,505</i>	-	-
Amounts owed by related parties	2,466,798	<i>2,615,278</i>	2,161,467	<i>2,393,662</i>
Other debtors	314,805	<i>162,002</i>	314,805	<i>162,002</i>
Prepayments and accrued income	245,884	<i>171,147</i>	38,537	<i>14,217</i>
Deferred taxation	100,944	<i>57,261</i>	-	-
	<u>10,710,779</u>	<i><u>11,194,193</u></i>	<u>2,514,809</u>	<i><u>2,569,881</u></i>

In OGL Computer Services Group Limited company only, amounts owed by group undertakings falling due within one year are trading balances and are settled on normal commercial terms.

An impairment loss of £42,936 (2017: £104,540) was recognised against trade debtors of the group.

Included within trade debtors are amounts falling due in more than one year of £105,982 (2017: £203,976).

16. Cash and cash equivalents

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Cash at bank and in hand	6,351,544	<i>3,409,612</i>	5,812,096	<i>3,121,910</i>

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade creditors	1,094,649	967,808	33,181	29,380
Amounts owed to group undertakings	-	-	1,235,039	2,640,302
Amounts owed to other related parties	1,897	-	-	-
Corporation tax	52,321	70,795	-	-
Taxation and social security	1,363,712	1,229,918	38,458	34,072
Obligations under finance lease and hire purchase contracts	7,263	112,693	-	-
Deferred income	5,943,672	5,563,032	-	-
Other creditors	30,171	13,942	-	-
Accruals	197,440	497,261	2,593	32,269
	<u>8,691,125</u>	<u>8,455,449</u>	<u>1,309,271</u>	<u>2,736,023</u>

In OGL Computer Services Group Limited company only, amounts owed to group undertaking falling due within one year are trading balances that do not bear interest and are settled on normal commercial terms.

18. Creditors: Amounts falling due after more than one year

	Group 2018 £	<i>Group 2017 £</i>
Net obligations under finance leases and hire purchase contracts	-	696
	<u>-</u>	<u>696</u>

Net obligations under finance lease and hire purchase contracts are secured against the specific assets to which they relate.

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	<i>Group 2017 £</i>
Within one year	7,263	112,693
Between 1-2 years	-	696
	7,263	113,389
	7,263	113,389

The company did not have any finance leases or hire purchase agreements they all relate to the rest of the group.

20. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets measured at amortised cost	10,363,591	10,965,785	2,476,272	2,555,664
Cash and cash equivalents	6,351,544	3,409,612	5,812,096	3,121,910
	16,715,135	14,375,397	8,288,368	5,677,574
	16,715,135	14,375,397	8,288,368	5,677,574
Financial liabilities				
Financial liabilities measured at amortised cost	(1,331,420)	(1,592,400)	(1,270,813)	(2,701,951)
	(1,331,420)	(1,592,400)	(1,270,813)	(2,701,951)

Financial assets measured at amortised cost comprise trade debtors, amounts owed to related parties and other debtors.

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties, finance lease obligations, accruals and other creditors.

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	57,261	14,243
Charged to profit or loss	43,683	43,018
At end of year	100,944	57,261
	Group 2018 £	Group 2017 £
Accelerated capital allowances	99,074	56,205
Tax losses carried forward	1,870	1,056
	100,944	57,261

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid 3,100 Ordinary shares of £1 each	3,100	3,100

23. Reserves

Profit and loss account

The profit and loss account contains all current and prior period retained earnings.

24. Contingent liabilities

The group did not have any contingent liabilities at 31 December 2018 (2017: £Nil).

25. Capital commitments

At 31 December 2018 the Group had capital commitments totalling £Nil (2017: £Nil).

OGL COMPUTER SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

26. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £144,679 (2017: £86,467).

There was outstanding contributions of £30,104 (2017: £12,874) at 31 December 2018 these are included in other creditors.

27. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>
Not later than 1 year	318,212	<i>158,756</i>
Later than 1 year and not later than 5 years	644,950	<i>403,504</i>
	963,162	<i>562,260</i>

OGL COMPUTER SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

28. Related party transactions

The company has taken advantage of the exemption provided by section 33 not to disclose transactions with other wholly owned group members as this company prepares consolidated financial statements.

During the year the group was invoiced £466,861 (2017: £401,048) for asset rental and management services by DSK Property Investments Limited and recharged £224,036 (2017: £218,965) for administrative services and expenses to DSK Property Investments Limited, a company of which Paul Byrne is a director. At the balance sheet date, the group was owed £2,426,801 (2017: £2,193,562) by DSK Property Investments Limited.

During the year the group was invoiced £204,000 (2017: £159,750) for licencing services by DSK Coding Limited, a company of which Paul Byrne is a director. At the balance sheet date, the group was owed £38,000 (2017: £200,000) by DSK Coding Limited.

At the balance sheet date, the group was owed £100 (2017: £100) from DSK Holdings Limited, a company of which Paul Byrne is a director.

Total key management personnel compensation is disclosed below:

Key management personnel compensation	<u>493,549</u>	<u>476,317</u>
---------------------------------------	----------------	----------------

There are no outstanding amounts due to or from key management personnel at the year end (2017: £Nil).

29. Controlling party

The company is controlled by P A Byrne and D A Byrne as trustees of the Paul Byrne Discretionary Settlement 2000.