

Cheshire Datasystems Limited
Financial Statements
For the Year Ended
30 September 2017

BEEVER AND STRUTHERS
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE



Cheshire Datasystems Limited

Financial Statements

Year Ended 30 September 2017

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Cheshire Datasystems Limited

Strategic Report

Year Ended 30 September 2017

Business Review

The Directors are pleased to report continued success and growth within the financial year.

We have continued to invest in people and new technologies in order to ensure we have a strong foundation to spearhead future growth. Commitment to Research and Development remains high and is our driver for commercial innovation and competitive advantage.

The year has seen further expansion of the building infrastructure with the acquisition of an additional high quality building dedicated to enhancing the customer experience.

Strategic direction continues on plan for broadening the scope of commercial opportunities.

Financial Risk Management Objectives and Policies

The management and reporting of risk and key performance indicators for Cheshire Datasystems Limited, a wholly owned subsidiary, is carried out at group level. Information is therefore disclosed in the financial statements of the parent company, CDL Group Holdings Limited.

This report was approved by the board of directors on 24 May 2018 and signed on behalf of the board by:



M F Johnson
Director

Registered office:
Strata House
Kings Reach Road
Stockport
Cheshire
SK4 2HD

Cheshire Datasystems Limited

Directors' Report

Year Ended 30 September 2017

The directors present their report and the financial statements of the company for the year ended 30 September 2017.

Directors

The directors who served the company during the year were as follows:

T H Hogg
M F Johnson
G A Johnson
S Bishop
S J Aldred
A Wormleighton
N C Phillips
F Robinson

(Appointed 31 October 2016)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Employment of Disabled Persons

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of the members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on various factors affecting the performance of the company. This is achieved through meetings of the voice, the staff association.

Research and Development

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

Disclosure of Information in the Strategic Report

The Business Review and Financial Risk Management Objectives and Uncertainties are shown in the Strategic Report.

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

Cheshire Datasystems Limited

Directors' Report *(continued)*

Year Ended 30 September 2017

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 24 May 2018 and signed on behalf of the board by:



M F Johnson
Director

Registered office:
Strata House
Kings Reach Road
Stockport
Cheshire
SK4 2HD

Cheshire Datasystems Limited

Independent Auditor's Report to the Members of Cheshire Datasystems Limited

Year Ended 30 September 2017

Opinion

We have audited the financial statements of Cheshire Datasystems Limited (the 'company') for the year ended 30 September 2017 which comprise the statement of income and retained earnings, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

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

Cheshire Datasystems Limited

Independent Auditor's Report to the Members of Cheshire Datasystems Limited *(continued)*

Year Ended 30 September 2017

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. 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 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, 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.

Cheshire Datasystems Limited

Independent Auditor's Report to the Members of Cheshire Datasystems Limited *(continued)*

Year Ended 30 September 2017

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Richard Williams (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

24 May 2018

Cheshire Datasystems Limited
Statement of Income and Retained Earnings
Year Ended 30 September 2017

		2017	2016
	Note	£	£
Turnover	4	21,028,216	19,415,573
Cost of sales		<u>6,356,791</u>	<u>5,733,564</u>
Gross profit		14,671,425	13,682,009
Administrative expenses		<u>29,582,456</u>	25,702,439
Other operating income	5	<u>18,209,529</u>	<u>15,018,884</u>
Operating profit	6	3,298,498	2,998,454
Other interest receivable and similar income	10	<u>4,533</u>	<u>4,789</u>
Profit before taxation		3,303,031	3,003,243
Tax on profit	11	<u>704,653</u>	(335,215)
Profit for the financial year and total comprehensive income		<u>2,598,378</u>	<u>3,338,458</u>
Dividends paid and payable	12	<u>(2,590,000)</u>	(2,990,000)
Retained earnings at the start of the year		<u>3,795,076</u>	<u>3,446,618</u>
Retained earnings at the end of the year		<u>3,803,454</u>	<u>3,795,076</u>

All the activities of the company are from continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

Cheshire Datasystems Limited

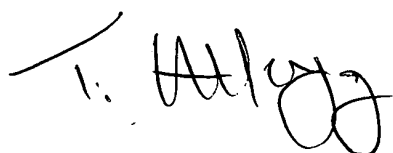
Statement of Financial Position

30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	13,754,758	15,416,542
Current assets			
Debtors	14	6,694,652	7,017,326
Cash at bank and in hand		292,074	287,630
		<u>6,986,726</u>	<u>7,304,956</u>
Creditors: amounts falling due within one year	15	<u>16,938,029</u>	<u>18,837,530</u>
Net current liabilities		<u>9,951,303</u>	<u>11,532,574</u>
Total assets less current liabilities		<u>3,803,455</u>	<u>3,883,968</u>
Provisions			
Taxation including deferred tax	16	—	88,891
Net assets		<u>3,803,455</u>	<u>3,795,077</u>
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account	20	<u>3,803,454</u>	<u>3,795,076</u>
Shareholders funds		<u>3,803,455</u>	<u>3,795,077</u>

These financial statements were approved by the board of directors and authorised for issue on 24 May 2018, and are signed on behalf of the board by:

T H Hogg
Director



Company registration number: 3991057

The notes on pages 9 to 18 form part of these financial statements.

Cheshire Datasystems Limited

Notes to the Financial Statements

Year Ended 30 September 2017

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Strata House, Kings Reach Road, Stockport, Cheshire, SK4 2HD.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure Exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of CDL Group Holdings Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determination of whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determination of whether leases entered into by the company as lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.

Revenue Recognition

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

3. Accounting Policies *(continued)*

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Property Alterations	-	Over life of lease or 15% reducing balance
Plant & Machinery	-	10% straight line
Computer Equipment	-	33% of 25% straight line
Fixtures & Fittings	-	15% reducing balance
Motor Vehicles	-	33% straight line with £4,000 residual balance

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

3. Accounting Policies *(continued)*

Financial Instruments *(continued)*

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>21,028,216</u>	<u>19,415,573</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017 £	2016 £
United Kingdom	20,884,871	19,302,023
Overseas	<u>143,345</u>	<u>113,550</u>
	<u>21,028,216</u>	<u>19,415,573</u>

5. Other Operating Income

	2017 £	2016 £
Management charges receivable	<u>18,209,529</u>	<u>15,018,884</u>

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

6. Operating Profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	4,303,829	3,832,440
Gains on disposal of tangible assets	—	(8,421)
Research and development	<u>4,768,185</u>	<u>4,514,991</u>

7. Auditor's Remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>27,900</u>	<u>25,400</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>28,717</u>	<u>40,250</u>

8. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Administrative staff	<u>625</u>	<u>578</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	17,692,224	15,072,547
Social security costs	2,380,354	2,111,853
Other pension costs	996,024	887,201
	<u>21,068,602</u>	<u>18,071,601</u>

The aggregate payroll costs disclosed above are after a proportion has been recharged to other group companies as a management charge.

9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	1,631,816	1,349,090
Company contributions to defined contribution pension plans	70,214	45,037
	<u>1,702,030</u>	<u>1,394,127</u>

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

9. Directors' Remuneration *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2017 No.	2016 No.
Defined contribution plans	<u>6</u>	<u>6</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017 £	2016 £
Aggregate remuneration	<u>363,021</u>	<u>347,417</u>

10. Other Interest Receivable and Similar Income

	2017 £	2016 £
Interest on cash and cash equivalents	<u>4,533</u>	<u>4,789</u>

11. Tax on Profit

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax expense	1,012,199	481,216
Adjustments in respect of prior periods	<u>(89,932)</u>	<u>(655,441)</u>
Total current tax	<u>922,267</u>	<u>(174,225)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(217,614)</u>	<u>(160,990)</u>
Tax on profit	<u>704,653</u>	<u>(335,215)</u>

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

11. Tax on Profit *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.50% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>3,303,031</u>	<u>3,003,243</u>
Profit on ordinary activities by rate of tax	644,091	600,649
Adjustment to tax charge in respect of prior periods	(89,932)	(635,870)
Effect of expenses not deductible for tax purposes	9,399	140,937
Effect of capital allowances and depreciation	135,579	50,447
Utilisation of tax losses	61	(40,170)
Other short term timing difference	5,455	(11,208)
Research and development tax credit	–	(440,000)
Tax on profit	<u>704,653</u>	<u>(335,215)</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Equity dividends on ordinary shares	<u>2,590,000</u>	<u>2,990,000</u>

13. Tangible Assets

	Property alterations £	Plant & machinery £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 Oct 2016	11,606,786	754,800	13,747,246	957,362	709,556	27,775,750
Additions	576,303	76,421	1,976,357	20,963	–	2,650,044
Disposals	(1,723)	–	(131,873)	–	(29,482)	(163,078)
At 30 Sep 2017	<u>12,181,366</u>	<u>831,221</u>	<u>15,591,730</u>	<u>978,325</u>	<u>680,074</u>	<u>30,262,716</u>
Depreciation						
At 1 Oct 2016	3,091,089	423,394	8,068,437	447,957	328,331	12,359,208
Charge for the year	974,599	56,682	3,025,320	72,932	174,296	4,303,829
Disposals	(1,723)	–	(131,873)	–	(21,483)	(155,079)
At 30 Sep 2017	<u>4,063,965</u>	<u>480,076</u>	<u>10,961,884</u>	<u>520,889</u>	<u>481,144</u>	<u>16,507,958</u>
Carrying amount						
At 30 Sep 2017	<u>8,117,401</u>	<u>351,145</u>	<u>4,629,846</u>	<u>457,436</u>	<u>198,930</u>	<u>13,754,758</u>
At 30 Sep 2016	<u>8,515,697</u>	<u>331,406</u>	<u>5,678,809</u>	<u>509,405</u>	<u>381,225</u>	<u>15,416,542</u>

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

13. Tangible Assets *(continued)*

Capital commitments

	2017	2016
	£	£
Contracted for but not provided for in the financial statements	<u>97,911</u>	<u>210,009</u>

14. Debtors

	2017	2016
	£	£
Trade debtors	2,999,116	3,624,185
Deferred tax asset	128,723	—
Prepayments and accrued income	2,945,802	2,470,616
Other debtors	<u>621,011</u>	<u>922,525</u>
	<u>6,694,652</u>	<u>7,017,326</u>

15. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	687,249	—
Trade creditors	512,628	765,111
Amounts owed to group undertakings	8,777,376	13,392,898
Accruals and deferred income	1,786,443	1,843,697
Corporation tax	1,085,706	120,723
Social security and other taxes	2,792,396	2,273,264
Other creditors	<u>1,296,231</u>	<u>441,837</u>
	<u>16,938,029</u>	<u>18,837,530</u>

16. Provisions

	Deferred tax (note 17)
	£
At 1 October 2016	88,891
Charge against provision	<u>(88,891)</u>
At 30 September 2017	<u>—</u>

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

17. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in debtors (note 14)	128,723	–
Included in provisions (note 16)	–	(88,891)
	<u>128,723</u>	<u>(88,891)</u>

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

	2017 £	2016 £
Accelerated capital allowances	(128,723)	104,809
Adjustment in respect of previous period	–	(15,918)
	<u>(128,723)</u>	<u>88,891</u>

18. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £925,481 (2016: £842,164).

19. Called Up Share Capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	1,615,842	1,403,482
Later than 1 year and not later than 5 years	<u>3,231,911</u>	<u>4,210,673</u>
	<u>4,847,753</u>	<u>5,614,155</u>

Cheshire Datasystems Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2017

22. Related Party Transactions

The company is a wholly owned subsidiary of CDL Group Holdings Limited. The company has taken advantage of the exemption in FRS102 Section 33.1A from disclosing transactions or balances with entities which form part of the group. The consolidated financial statements of CDL Group Holdings Limited, within which the company is included, can be obtained from Companies House.

Mr T H Hogg and Mrs M F Johnson are partners in TJM Partnership. During the year under review, the company incurred a rental charge of £100,000 (2016: £100,000) from TJM Partnership in the ordinary course of the business. An amount of £nil (2016: Nil) was owed from TJM Partnership at the year end. An amount of £nil (2016: £nil) was owed from TJM Partnership at the year end.

Mr T H Hogg and Mrs M F Johnson are partners in TJD Partnership. During the year under review, the company incurred a rental charge of £620,000 (2016: £620,000) from TJD Partnership in the ordinary course of the business. An amount of £nil (2016: £nil) was owed from TJD Partnership at the year end.

Mrs M F Johnson is a partner in Strata Campus LLP. During the year under review, the company incurred a rental charge of £757,999 (2016: £662,430) from Strata Campus LLP in the ordinary course of the business. An amount of £nil (2016: £nil) was owed to Strata Campus LLP at the year end.

Mr G Johnson's brother, Mr R Johnson, has a controlling interest in J.H.Thornley Limited. During the year under review, the company purchased goods amounting to £292,767 (2016: £328,308). An amount of £nil (2016: £nil) was owing to J.H.Thornley Limited at the year end.

23. Controlling Party

The directors regard CDL Group Holdings Limited, a company incorporated in England and Wales, as the ultimate parent company. CDL Group Holdings Limited prepare consolidated accounts which are publicly available from Companies House, Crown Way, Cardiff.

The ultimate controlling party of this company is considered to be T H Hogg, a director. T H Hogg is also a director of CDL Group Holdings Limited and, by virtue of his family's holdings, has control of the issued share capital of CDL Group Holdings Limited.