

Registered number: 02784286

U.P.S SYSTEMS PLC
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

RPG CROUCH CHAPMAN LLP
Chartered Accountants
62 Wilson Street
London
EC2A 2BU

FRIDAY



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COMPANIES HOUSE

U.P.S SYSTEMS PLC

COMPANY INFORMATION

Directors	John B Peers (appointed 31 March 2016) Paul Anderson (appointed 31 March 2016) Jack G Ogden (appointed 31 March 2016) Thomas L Sperrey (resigned 31 March 2016) Karen J Sperrey (resigned 31 March 2016)
Company secretary	John B Peers
Registered number	02784286
Registered office	Ergon House Horseferry Rd London SW1P 2AL
Trading Address	UPS Systems PLC Herongate Hungerford RG17 0YU
Independent auditors	RPG Crouch Chapman LLP Chartered Accountants & Registered Auditors 62 Wilson Street London EC2A 2BU
Bankers	Barclays Bank PLC Leicester Leicestershire LE87 2BB

U.P.S SYSTEMS PLC

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8 - 9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 23
The following pages do not form part of the statutory financial statements:	
Detailed Profit and Loss Account and Summaries	24 - 27

U.P.S SYSTEMS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

Introduction

The directors present their strategic report on the company for the year ended 30 June 2016.

Business review

The principal activity of the Company continues to be that of provision of sale, installation and maintenance of uninterruptible power supplies and equipment. UPS Systems PLC is a UK registered Public Company with its headquarters based in Hungerford.

During the year, the directors focused on expanding the business and are pleased to report steady turnover and gross profit margin.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Company and the board and management team take on an important oversight role in this regard.

The Company has developed a framework for identifying the risks that each business sector, and the Company as a whole, is exposed to and their impact on the company's financial position.

This process is managed by the Company Finance Department to establish our capital requirements and to ensure we have the financial strength, capital adequacy and liquidity to support the growth of the business.

The principal risks to our business arise from inaccurate job costing and the very competitive nature of the industry.

Financial key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Company by reference to the following KPIs:

	2016	2015
	£	£
Turnover	4.2m	4.2m
Operating profit	157k	214k

This report was approved by the board on

22 DEC 2016

and signed on its behalf.



John B Peers
Director

U.P.S SYSTEMS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £125,646 (2015 - £172,781).

The company has net assets of £576,165 at 30 June 2016 (30 June 2015, net assets : £489,186).

Directors

The directors who served during the year were:

John B Peers (appointed 31 March 2016)
Paul Anderson (appointed 31 March 2016)
Jack G Ogden (appointed 31 March 2016)
Thomas L Sperrey (resigned 31 March 2016)
Karen J Sperrey (resigned 31 March 2016)

Future developments

The company continues to develop UK and overseas operations and is confident that expected change in the UK's membership of the EU will not adversely affect its trade.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

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

Auditors

The auditors, RPG Crouch Chapman LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 22 DEC 2016 and signed on its behalf.



John B Peers
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF U.P.S SYSTEMS PLC

We have audited the financial statements of U.P.S Systems PLC for the year ended 30 June 2016, set out on pages 6 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF U.P.S SYSTEMS PLC
(CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

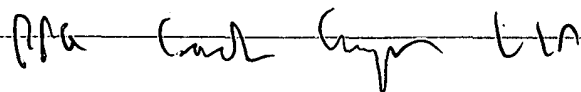
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Randall BA ACA (Senior Statutory Auditor)

for and on behalf of
RPG Crouch Chapman LLP

Chartered Accountants
Registered Auditors

62 Wilson Street
London

EC2A 2BU

Date: 22 DEC 2016

U.P.S SYSTEMS PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 £	2015 £
Turnover	4	4,084,089	3,994,783
Cost of sales		(2,892,335)	(2,802,402)
Gross profit		<u>1,191,754</u>	<u>1,192,381</u>
Administrative expenses		(1,110,770)	(1,165,919)
Other operating income		<u>75,793</u>	<u>187,631</u>
Operating profit	6	156,777	214,093
Interest receivable and similar income	10	<u>170</u>	<u>257</u>
Profit before tax		156,947	214,350
Tax on profit	11	<u>(31,301)</u>	<u>(41,569)</u>
Profit for the year		<u>125,646</u>	<u>172,781</u>
Other comprehensive income for the year			
Share options granted		-	4,007
Other comprehensive income for the year		-	4,007
Total comprehensive income for the year		<u>125,646</u>	<u>176,788</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 11 to 23 form part of these financial statements.

U.P.S SYSTEMS PLC
REGISTERED NUMBER:02784286

BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2016 £	2015 £	2015 £
Current assets					
Stocks	13	-		3,116	
Debtors: amounts falling due within one year	14	1,008,780		1,035,333	
Cash at bank and in hand	15	693,758		516,536	
		<u>1,702,538</u>		<u>1,554,985</u>	
Creditors: amounts falling due within one year	16	<u>(1,126,373)</u>		<u>(1,065,799)</u>	
Net current assets			<u>576,165</u>		<u>489,186</u>
Total assets less current liabilities			<u>576,165</u>		<u>489,186</u>
Net assets			<u><u>576,165</u></u>		<u><u>489,186</u></u>
Capital and reserves					
Called up share capital	18		50,100		50,100
Other reserves	19		4,007		4,007
Profit and loss account	19		522,058		435,079
			<u>576,165</u>		<u>489,186</u>

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



John B Peers

Director

Date: 22 DEC 2016

U.P.S SYSTEMS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2015	50,100	4,007	435,079	489,186
Comprehensive income for the year				
Profit for the year	-	-	125,646	125,646
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	125,646	125,646
Dividends: Equity capital	-	-	(38,667)	(38,667)
Total transactions with owners	-	-	(38,667)	(38,667)
At 30 June 2016	50,100	4,007	522,058	576,165

U.P.S SYSTEMS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2014	50,100	-	320,298	370,398
Comprehensive income for the year				
Profit for the year	-	-	172,781	172,781
Share options granted	-	4,007	-	4,007
Other comprehensive income for the year	-	4,007	-	4,007
Total comprehensive income for the year	-	4,007	172,781	176,788
Dividends: Equity capital	-	-	(58,000)	(58,000)
Total transactions with owners	-	-	(58,000)	(58,000)
At 30 June 2015	50,100	4,007	435,079	489,186

The notes on pages 11 to 23 form part of these financial statements.

U.P.S SYSTEMS PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	125,646	172,781
Adjustments for:		
Grants	-	(54,220)
Interest received	(170)	(257)
Taxation	31,301	41,569
Decrease in stocks	3,116	161
(Increase)/decrease in debtors	(99,105)	304,668
Decrease in amounts owed by participating ints	125,658	(125,658)
Increase/(decrease)) in creditors	70,842	(111,845)
Corporation tax	(41,569)	(32,602)
Net cash generated from operating activities	<u>215,719</u>	<u>194,597</u>
Cash flows from investing activities		
Grants received	-	54,220
Interest received	170	257
Net cash from investing activities	<u>170</u>	<u>54,477</u>
Cash flows from financing activities		
Share options granted	-	4,007
Dividends paid	(38,667)	(58,000)
Net cash used in financing activities	<u>(38,667)</u>	<u>(53,993)</u>
Net increase in cash and cash equivalents	177,222	195,081
Cash and cash equivalents at beginning of year	516,536	321,455
Cash and cash equivalents at the end of year	<u><u>693,758</u></u>	<u><u>516,536</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	693,758	516,536
	<u><u>693,758</u></u>	<u><u>516,536</u></u>

The notes on pages 11 to 23 form part of these financial statements.

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General information

UPS Systems PLC is a company domiciled in England and Wales, registration number 02784286. The registered office is Ergon House, Horseferry Road, London, SW1P 2AL. The company provides uninterruptible power supply, generators and maintenance services to its customers.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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.

Information on the impact of first-time adoption of FRS 102 is given in note 24.

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

The following principal accounting policies have been applied:

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

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.

Research and development costs

Research and development expenditure on projects for which no grant income is received is written off as incurred.

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 and weighted average 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

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.

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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Financial instruments

The Company only enters into basic financial instruments 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

Financial instruments (continued)

variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

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

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.

Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income 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 Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

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 the Statement of Comprehensive Income 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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change 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 balance sheet date in the countries where the Company operates and generates income.

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

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated useful lives and residual values of fixed assets

Depreciation of tangible and intangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the Directors. Estimated useful lives and residual values are reviewed annually and will be revised as appropriate.

Revenue Recognition

Revenue recognised in regards to maintenance services related to contracts which could spread over multiple periods. The Director's calculated the percentage of the contracts they deemed to be complete and recognised a corresponding amount of the related revenue.

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4. Turnover

	2016 £	2015 £
Turnover	4,084,089	3,994,783
	<u>4,084,089</u>	<u>3,994,783</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	4,023,733	3,980,001
Rest of Europe	3,837	11,282
Rest of the world	56,519	3,500
	<u>4,084,089</u>	<u>3,994,783</u>

5. Other operating income

	2016 £	2015 £
Net rents receivable	52,460	82,814
Grants receivable	-	54,220
Sundry income	23,333	50,597
	<u>75,793</u>	<u>187,631</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Research & development charged as an expense	16,606	22,933
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	22,720	12,000
Exchange differences	695	577
Other operating lease rentals	<u>75,259</u>	<u>90,000</u>

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	10,000	12,000
Other fees to auditors:		
Fees payable to the Company's previous auditors and its associates	12,720	-
Other services	-	6,388
	<u>12,720</u>	<u>6,388</u>

8. Employees

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

	2016 £	2015 £
Wages and salaries	645,576	670,857
Social security costs	64,641	65,614
	<u>710,217</u>	<u>736,471</u>

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

	2016 No.	2015 No.
Sales	15	15
Marketing	2	2
Other departments	6	8
	<u>23</u>	<u>25</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	15,930	20,850
	<u>15,930</u>	<u>20,850</u>

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

10. Interest receivable

	2016 £	2015 £
Other interest receivable	170	257
	<u>170</u>	<u>257</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	31,301	41,569
	<u>31,301</u>	<u>41,569</u>
Total current tax	<u>31,301</u>	<u>41,569</u>
Deferred tax		
Total deferred tax	-	-
	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>31,301</u>	<u>41,569</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.8%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	156,947	214,350
	<u>156,947</u>	<u>214,350</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.8%)	31,389	44,585
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	25	2,141
Capital allowances for year in excess of depreciation	(113)	(144)
Research and development tax credit	-	(3,890)
Marginal relief	-	(1,123)
	<u>-</u>	<u>(5,057)</u>
Total tax charge for the year	<u>31,301</u>	<u>41,569</u>

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2016 £	2015 £
Current year interim dividend paid	38,667	58,000
	<u>38,667</u>	<u>58,000</u>

13. Stocks

	2016 £	2015 £
Stocks	-	3,116
	<u>-</u>	<u>3,116</u>

14. Debtors

	2016 £	2015 £
Trade debtors	642,001	506,601
Amounts owed by joint ventures and associated undertakings	-	125,658
Other debtors	41,579	585
Prepayments and accrued income	325,200	402,489
	<u>1,008,780</u>	<u>1,035,333</u>

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	693,758	516,536
	<u>693,758</u>	<u>516,536</u>

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	379,322	363,663
Corporation tax	31,301	41,569
Taxation and social security	40,891	19,058
Other creditors	1,767	4,233
Accruals and deferred income	673,092	637,276
	<u>1,126,373</u>	<u>1,065,799</u>

17. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	693,758	516,536
Financial assets that are debt instruments measured at amortised cost	<u>683,580</u>	<u>632,844</u>
	<u>1,377,338</u>	<u>1,149,380</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(625,919)</u>	<u>(495,075)</u>
	<u>(625,919)</u>	<u>(495,075)</u>

Financial assets measured at amortised cost comprise of trade debtors.

Financial Liabilities measured at amortised cost comprise of trade creditors, other creditors and accrued expenses.

18. Share capital

	2016 £	2015 £
<u>Shares classified as equity</u>		
<u>Allotted, called up and fully paid</u>		
50,000 Ordinary A Shares shares of £1 each	50,000	50,000
100 Ordinary B Shares shares of £1 each	100	100
	<u>50,100</u>	<u>50,100</u>

U.P.S SYSTEMS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. Reserves

Profit and loss account

Profit and loss account includes all current period retained profits.

20. Employee share based payments

The company operated an Enterprise Management Incentive Plan under which employees were granted options to subscribe for new ordinary C shares of the company. Options were exercisable at no costs to the employee if the A shareholders sold a controlling interest in the company to a third party purchaser. The ordinary C shareholders in aggregate were entitled to five percent of the sale consideration for the whole company.

As at 1 July 2015 there were 41,044 Ordinary C shares of £1 nominal value. During the year another 8,881 Ordinary C shares were issued to the employees under the scheme with the total number of shares amounting to 49,925.

On 31st March 2016 the A shareholders sold a controlling interest to Data Centre Response Limited.

The above share options were cancelled during the year.

21. Commitments under operating leases

At 30 June 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	30,000	60,000
	<u>30,000</u>	<u>60,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

22. Related party transactions

The company has taken advantage of the exemption within FRS 102 33.1A not to disclose related party transactions with other group companies as its voting rights are wholly-controlled within the group.

During the year the company made purchases of £2,864 (2015: £3,261) from Cloud 9 Digital Design Limited (a company owned by the son of former Director T L Sperry). At the balance sheet date the amount due to Cloud Nine Limited was £nil (2015: £381).

During the year the company made purchases of £146,099 (2015: £195,287) from Fuel cell Systems (a company owned by former Director T L Sperry) and charged management fees of £24,641 (2015: £50,000). At the balance sheet date the amount due to Fuel Cell Systems Limited was £2,928 (2015: £165,601).

At the balance sheet date the amount due to Directors (T L Sperry and K L Sperry - both former Directors) was £nil (2015: 1,710).

During the period dividends totalling £38,667 (2015: £58,000) were paid to Directors T L Sperry and K L Sperry (both former Directors and shareholders)

23. Controlling party

The ultimate parent company is Data Centre Response Limited, a company registered in England and Wales under company number 07960658.

Copies of the parent undertaking can be obtained from the company's registered office 10 Lower Grosvenor Place, London, SW1W 0EN.

24. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.