

Company Registration No. 11033907 (England and Wales)

SWITCHSHOP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

**Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE**

**Rayner Essex LLP
Chartered Accountants**

SWITCHSHOP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr T L Glinka Mr J G Curry Mr M D F Curry
Company number	11033907
Registered office	Switchshop House Enterprise Park Kimpton Hertfordshire SG4 8HP
Auditor	Rayner Essex LLP Faulkner House Victoria Street St Albans Hertfordshire AL1 3SE

SWITCHSHOP HOLDINGS LIMITED

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SWITCHSHOP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2020

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

Fair review of the business

The Directors can report that the business year (June 2019 to May 2020) proved to be a period of further growth with turnover increasing from £11.1m in 2019 to £14.2m in 2020.

The Groups financial performance has been slightly impacted by the effects of Covid-19 in the final months of trading

The subsidiary's principal activity continues to be that of the supply of computer networking equipment.

Results and performance

The result of the parent company during the year showed a profit of £221,431 (2019: £1,111)

The subsidiary has achieved consistent growth and profitability with net profits of £886,073 (2019: £766,113)

Principal risks and uncertainties

IT networking, and IT in general, is a rapidly evolving market place with new technology and new ways to deliver that technology constantly hitting the market. While the fundamentals of networking have not changed for many years, the group will need to adapt to changes in the market and stay ahead of the curve to ensure it is offering the latest technology to the market place.

Spending cuts within any sector are seen as a risk to any business that is solely focused on any particular sector. Whilst the focus of the group is currently on public sector entities the group has already started to expand into other vertical markets including private sector clients to reduce risk.

The impact of Covid-19 creates a level of uncertainty in the British economy and so impacts on our clients' spending. However the company's reputation alongside its high service levels will stand the company in good stead during this time.

Development and performance

The group's success is dependent on supply of products and services to public sector and quasi-public sector entities, with a focus on education and research establishments, local councils and the health sector.

The group provides customers with a choice of IT products as well as providing related services such as engineering, maintenance and support. The company has an excellent reputation as a Value Added Retailer (VAR) in addition to its customer support and aims to continue to excel in these areas to gain new business.

Other performance indicators

The group's financial performance for the year is monitored using the following KPIs:

Gross Profit %
Operating Profit %
Net Profit %

On behalf of the board

Mr T L Glinka
Director
28 September 2020

SWITCHSHOP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2020

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

Principal activities

The principal activity of the company is that of a holding company, incorporated on 26 October 2017. The subsidiaries activities are that of supply of computer networking equipment.

Directors

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

Mr T L Glinka
Mr J G Curry
Mr M D F Curry

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £216,750. The directors do not recommend payment of a further dividend.

Future developments

The directors continue to develop the business in accordance with plans and projections.

Auditor

The auditor, Rayner Essex LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the 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;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SWITCHSHOP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

Statement of disclosure to auditor

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

On behalf of the board

Mr T L Glinka

Director

28 September 2020

SWITCHSHOP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SWITCHSHOP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Switchshop Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2020 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 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.

The Impact of uncertainties due to Covid-19 on our audit

Uncertainties related to the global effects of Covid-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment of fixed assets, recoverability of debtors, intangibles assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is one of the most significant global economic events presently and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. No audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Covid-19.

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.

However, as not all future events or conditions can be predicted, such as the impact of Covid-19, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor report is not a guarantee that the company will continue in operation as a going concern.

SWITCHSHOP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWITCHSHOP HOLDINGS LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

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 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.

SWITCHSHOP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SWITCHSHOP HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Antony Federer FCA FCCA CF (Senior Statutory Auditor)
for and on behalf of Rayner Essex LLP

30 September 2020

Chartered Accountants
Statutory Auditor

Faulkner House
Victoria Street
St Albans
Herts
AL1 3SE

SWITCHSHOP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	2019 £
Turnover	3	14,210,204	11,076,699
Cost of sales		(10,837,575)	(8,178,217)
Gross profit		<u>3,372,629</u>	<u>2,898,482</u>
Administrative expenses		(2,455,661)	(2,097,471)
Other operating income		37,139	-
Operating profit	4	<u>954,107</u>	<u>801,011</u>
Interest payable and similar expenses	8	(47,937)	(47,936)
Profit before taxation		<u>906,170</u>	<u>753,075</u>
Tax on profit	9	(212,811)	(183,246)
Profit for the financial year	26	<u><u>693,359</u></u>	<u><u>569,829</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

SWITCHSHOP HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2020

	2020	2019
	£	£
Profit for the year	693,359	569,829
Other comprehensive income	-	-
Total comprehensive income for the year	<u>693,359</u>	<u>569,829</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

SWITCHSHOP HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	11	1,464,016		1,661,411	
Tangible assets	12	311,260		272,302	
		<u>1,775,276</u>		<u>1,933,713</u>	
Current assets					
Stocks	16	536,830		318,791	
Debtors	17	1,963,678		1,791,763	
Cash at bank and in hand		1,163,777		522,030	
		<u>3,664,285</u>		<u>2,632,584</u>	
Creditors: amounts falling due within one year	18	<u>(2,983,900)</u>		<u>(2,594,053)</u>	
Net current assets			680,385		38,531
Total assets less current liabilities			<u>2,455,661</u>		<u>1,972,244</u>
Creditors: amounts falling due after more than one year	19		(795,209)		(797,175)
Provisions for liabilities	22		<u>(18,596)</u>		<u>(9,822)</u>
Net assets			<u><u>1,641,856</u></u>		<u><u>1,165,247</u></u>
Capital and reserves					
Called up share capital	25	108,910		108,910	
Share premium account	26	171,089		171,089	
Revaluation reserve	26	7,354		7,577	
Profit and loss reserves	26	1,354,503		877,671	
Total equity			<u><u>1,641,856</u></u>		<u><u>1,165,247</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2020 and are signed on its behalf by:

Mr T L Glinka
Director

SWITCHSHOP HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MAY 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	13		2,349,128		2,349,128
Current assets					
Cash at bank and in hand		74,142		23,863	
Creditors: amounts falling due within one year	18	(1,618,071)		(1,518,926)	
Net current liabilities			(1,543,929)		(1,495,063)
Total assets less current liabilities			805,199		854,065
Creditors: amounts falling due after more than one year	19		(518,856)		(572,403)
Net assets			286,343		281,662
Capital and reserves					
Called up share capital	25		108,910		108,910
Share premium account	26		171,089		171,089
Profit and loss reserves	26		6,344		1,663
Total equity			286,343		281,662

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £221,431 (2019 - £1,111 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 September 2020 and are signed on its behalf by:

Mr T L Glinka
Director

Company Registration No.

SWITCHSHOP HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2020

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 June 2018		108,910	171,089	7,800	307,619	595,418
Year ended 31 May 2019:						
Profit and total comprehensive income for the year		-	-	-	569,829	569,829
Other movements		-	-	(223)	223	-
Balance at 31 May 2019		108,910	171,089	7,577	877,671	1,165,247
Year ended 31 May 2020:						
Profit and total comprehensive income for the year		-	-	-	693,359	693,359
Dividends	10	-	-	-	(216,750)	(216,750)
Other movements		-	-	(223)	223	-
Balance at 31 May 2020		108,910	171,089	7,354	1,354,503	1,641,856

SWITCHSHOP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 June 2018		108,910	171,089	552	280,551
Year ended 31 May 2019:					
Profit and total comprehensive income for the year		-	-	1,111	1,111
Balance at 31 May 2019		108,910	171,089	1,663	281,662
Year ended 31 May 2020:					
Profit and total comprehensive income for the year		-	-	221,431	221,431
Dividends	10	-	-	(216,750)	(216,750)
Balance at 31 May 2020		108,910	171,089	6,344	286,343

SWITCHSHOP HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	31	1,443,338		792,633	
Interest paid		(47,937)		(47,936)	
Income taxes paid		(207,775)		(227,057)	
Net cash inflow from operating activities		1,187,626		517,640	
Investing activities					
Purchase of tangible fixed assets		(65,761)		(25,855)	
Net cash used in investing activities		(65,761)		(25,855)	
Financing activities					
Repayment of borrowings		(362,500)		(150,000)	
New bank loans net of repayments		88,335		(204,498)	
Payment of finance leases obligations		10,797		-	
Dividends paid to equity shareholders		(216,750)		-	
Net cash used in financing activities		(480,118)		(354,498)	
Net increase in cash and cash equivalents		641,747		137,287	
Cash and cash equivalents at beginning of year		522,030		384,743	
Cash and cash equivalents at end of year		1,163,777		522,030	

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

Company information

Switchshop Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Switchshop House Enterprise Park, Kimpton, Hitchin, England, SG4 8HP.

The group consists of Switchshop Holdings Limited and its subsidiary.

1.1 Accounting convention

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

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

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

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

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

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Switchshop Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 May 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Switchshop Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Switchshop Limited for the year ended 31 May 2020 (2019 :Year). The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition on 26th October 2017.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service desk and managed service contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Plant and equipment	20% straight line

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

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

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

1.9 Stocks

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

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

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

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

Basic financial assets

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

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

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

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

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

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.17 Government grants

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

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

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Supply of computer networking	14,210,204	11,076,699
	<u>14,210,204</u>	<u>11,076,699</u>
	2020	2019
	£	£
Other significant revenue		
Grants received	37,139	-
	<u>37,139</u>	<u>-</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	13,649,201	10,616,031
Europe	192,002	29,105
Rest of the world	369,001	431,563
	<u>14,210,204</u>	<u>11,076,699</u>

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	2,262	115
Government grants	(37,139)	-
Depreciation of owned tangible fixed assets	17,147	15,399
Depreciation of tangible fixed assets held under finance leases	9,656	-
Amortisation of intangible assets	197,395	197,395
Operating lease charges	72,781	58,467

Included in other operating profit is £37,139 relating to income from the government furlough scheme

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,750	5,000
Audit of the financial statements of the company's subsidiaries	7,750	7,750
	13,500	12,750

6 Employees

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

Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
35	27	-	-

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,417,065	1,071,717	-	-
Social security costs	161,497	118,265	-	-
Pension costs	48,236	124,033	-	-
	1,626,798	1,314,015	-	-

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	57,916	166,528
Company pension contributions to defined contribution schemes	14,788	104,162
	<u>72,704</u>	<u>270,690</u>

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	47,722	47,936
Other interest	215	-
	<u>47,937</u>	<u>47,936</u>

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	204,037	179,808
	<u>204,037</u>	<u>179,808</u>
Deferred tax		
Origination and reversal of timing differences	8,774	3,438
	<u>8,774</u>	<u>3,438</u>
Total tax charge	<u>212,811</u>	<u>183,246</u>

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

	2020 £	2019 £
Profit before taxation	<u>906,170</u>	<u>753,075</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	172,172	143,084
Tax effect of expenses that are not deductible in determining taxable profit	1,761	1,381
Permanent capital allowances in excess of depreciation	(7,402)	(2,162)
Amortisation on assets not qualifying for tax allowances	37,505	37,505
Deferred taxation	8,775	3,438
Taxation charge	<u>212,811</u>	<u>183,246</u>

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

10 Dividends

	2020 £	2019 £
Final paid	216,750	-

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 June 2019 and 31 May 2020	1,973,953
Amortisation and impairment	
At 1 June 2019	312,542
Amortisation charged for the year	197,395
At 31 May 2020	509,937
Carrying amount	
At 31 May 2020	1,464,016
At 31 May 2019	1,661,411

The company had no intangible fixed assets at 31 May 2020 or 31 May 2019.

12 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 June 2019	249,790	43,833	293,623
Additions	-	65,761	65,761
At 31 May 2020	249,790	109,594	359,384
Depreciation and impairment			
At 1 June 2019	11,436	9,885	21,321
Depreciation charged in the year	7,223	19,580	26,803
At 31 May 2020	18,659	29,465	48,124
Carrying amount			
At 31 May 2020	231,131	80,129	311,260
At 31 May 2019	238,354	33,948	272,302

The company had no tangible fixed assets at 31 May 2020 or 31 May 2019.

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and equipment	48,279	-	-	-

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	2,349,128	2,349,128

Movements in fixed asset investments Company

Shares in group undertakings

Cost or valuation

At 1 June 2019 and 31 May 2020

2,349,128

Carrying amount

At 31 May 2020

2,349,128

At 31 May 2019

2,349,128

14 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Switchshop Limited	Switchshop House, Enterprise Park, Kimpton, Herts, SG4 8HP	Supply of computer networking	Ordinary	100.00

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

15 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,867,656	1,694,200	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	3,313,608	3,147,707	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

16 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	536,830	318,791	-	-

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,848,599	1,690,890	-	-
Other debtors	19,057	3,310	-	-
Prepayments and accrued income	96,022	97,563	-	-
	1,963,678	1,791,763	-	-

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

18 Creditors: amounts falling due within one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Bank loans	20	365,159	214,250	356,104	205,545
Obligations under finance leases	21	10,797	-	-	-
Other borrowings	20	-	362,500	-	362,500
Trade creditors		1,829,677	1,439,432	-	-
Amounts owed to group undertakings		-	-	1,260,869	850,619
Corporation tax payable		103,113	106,851	1,098	261
Other taxation and social security		301,780	136,670	-	-
Other creditors		165,205	264,521	-	100,001
Accruals and deferred income		208,169	69,829	-	-
		<u>2,983,900</u>	<u>2,594,053</u>	<u>1,618,071</u>	<u>1,518,926</u>

The bank loans are secured by way of a charge against the freehold property of the company and a by fixed and floating charge over the assets of the group.

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

19 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	20	734,601	797,175	518,856	572,403
Deferred income	23	60,608	-	-	-
		<u>795,209</u>	<u>797,175</u>	<u>518,856</u>	<u>572,403</u>

The bank loans are secured by way of a charge against the freehold property of the company, by fixed and floating charge over the assets of the group and also the partial guarantee of the directors.

Included within creditors: amounts falling due after more than one year is an amount of £175,619 (2019: £186,062) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loans are charged at rates of 2.8%, 2.95% and 3.5% above base rate and are due for repayment in September 2022, December 2037 and December 2022 respectively.

The company's bankers hold a cross guarantee between the company and its subsidiary company Switchshop Limited. At the 31 May 2020, the total amount covered by this guarantee amounted to £1,099,760 (2019: £1,011,426).

At the 31 May 2020, in Switchshop Holdings Limited, loans to the former shareholders of £Nil (2019: £362,500) are secured over the assets of Switchshop Limited.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>175,325</u>	<u>186,062</u>	<u>-</u>	<u>-</u>
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20 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	1,099,760	1,011,425	874,960	777,948
Other loans	-	362,500	-	362,500
	<u>1,099,760</u>	<u>1,373,925</u>	<u>874,960</u>	<u>1,140,448</u>
Payable within one year	365,159	576,750	356,104	568,045
Payable after one year	<u>734,601</u>	<u>797,175</u>	<u>518,856</u>	<u>572,403</u>

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

20 Loans and overdrafts

(Continued)

The bank loans are secured by way of a charge against the freehold property of its subsidiary undertaking Switchshop Limited and a by fixed and floating charge over the assets of the group and also by partial guarantee of the directors.

At the 31 May 2020, in Switchshop Holdings Limited, other loans to the former shareholders of £Nil (2019: £362,500) are secured over the assets of Switchshop Limited.

21 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	10,797	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1 year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	15,224	6,450
Revaluations	3,372	3,372
	<u> </u>	<u> </u>
	18,596	9,822
	<u> </u>	<u> </u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 June 2019	9,822	-
Charge to profit or loss	8,774	-
	<u> </u>	<u> </u>
Liability at 31 May 2020	18,596	-
	<u> </u>	<u> </u>

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

22 Deferred taxation (Continued)

The provision under revaluations represents the deferred tax on the revaluation of the group's freehold property.

23 Deferred income

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other deferred income	60,608	-	-	-

24 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	48,236	124,033

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
99,999 Ordinary A shares of £1 each	99,999	99,999
8,911 Ordinary B shares of £1 each	8,911	8,911
	108,910	108,910

On 16 November 2017 8,911 Ordinary B shares were issued in exchange for 9 Ordinary B shares of £1 each in Switchshop Limited valued at £180,000. The Ordinary B shares do not entitle the holder to a) voting rights or b) the right to receive a dividend but shall be entitled to participate in a capital distribution on the sale of the company.

26 Reserves

Share premium

The share premium account relates to amounts paid above the nominal value of the Ordinary B Shares.

Revaluation reserve

The revaluation reserve is the revalued amount attributable to the groups property.

27 Financial commitments, guarantees and contingent liabilities

The company's bankers hold a cross guarantee between the company and its parent company Switchshop Holdings Limited. At the 31 May 2020, the total amount covered by this guarantee amounted to £1,099,760 (2019: £1,011,426).

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

28 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	42,481	54,884	-	-
Between two and five years	31,842	46,892	-	-
	<u>74,323</u>	<u>101,776</u>	<u>-</u>	<u>-</u>

30 Controlling party

There is no one overall controlling party.

31 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	693,359	569,829
Adjustments for:		
Taxation charged	212,811	183,246
Finance costs	47,937	47,936
Amortisation and impairment of intangible assets	197,395	197,395
Depreciation and impairment of tangible fixed assets	26,803	15,399
Movements in working capital:		
Increase in stocks	(218,039)	(185,392)
Increase in debtors	(171,915)	(1,132,525)
Increase in creditors	594,379	1,096,745
Increase in deferred income	60,608	-
Cash generated from operations	<u>1,443,338</u>	<u>792,633</u>

SWITCHSHOP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

32 Analysis of changes in net funds/(debt) - group

	1 June 2019 £	Cash flows £	31 May 2020 £
Cash at bank and in hand	522,030	641,747	1,163,777
Borrowings excluding overdrafts	(1,373,925)	274,165	(1,099,760)
Obligations under finance leases	-	(10,797)	(10,797)
	<u>(851,895)</u>	<u>905,115</u>	<u>53,220</u>

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