

Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 March 2020
for
East Midlands Central Station Limited

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for the Year Ended 31 March 2020

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East Midlands Central Station Limited

**Company
Information
for the Year Ended 31 March 2020**

DIRECTORS:

Mrs B T Barge
A Barge
S A Barge
N P Hunt
P D Carnell

SECRETARY:

Mrs B T Barge

REGISTERED OFFICE:

Waterside House
Tissington Close
Chilwell
Nottingham
NG9 6QG

REGISTERED NUMBER:

02141723 (England and Wales)

AUDITORS:

Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

Strategic Report
for the Year Ended 31 March 2020

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

REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of alarm monitoring services.

The directors consider the trading figures of the company to be satisfactory in these difficult trading times, with an increase in sales of 6.5% (2019: 6.7%). Gross profit margin has decreased slightly to 27.2% (2019: 28.9%). The deferred income creditor will not require release as long as the business of EMCS continues at similar levels. The directors consider this will continue for the foreseeable future.

The company had net liabilities mainly as a result of a provision for tax and national insurance liabilities on payments made to third parties in respect of certain directors in prior periods. The directors are of the opinion that this will be resolved due to the level of expected activity.

The current risks and uncertainties remain market share and maintaining margins to cover overheads.

The profitability and infrastructure of the business are continually monitored by the directors in light of changes within the highly competitive industry and changes are applied where deemed appropriate.

There have been no significant events since the year end.

PRINCIPAL RISKS AND UNCERTAINTIES

Current risks and uncertainties include retaining market share and improving margins to cover overheads. The directors will continue to monitor the profitability and infrastructure of the business streams within the company and apply changes where deemed appropriate.

The directors do not believe that Brexit will have a significant impact on the company.

The main risk to the company materialised in early 2020 with the outbreak of COVID-19. The company is continually updating plans to manage the COVID-19 situation with social distancing measures in place and making use of the Coronavirus Job Retention Scheme by putting staff on furlough. These measures ensure that the company is well placed to deal with the disruption brought on by the pandemic.

ORGANISATION

The directors continue to monitor the company's organisation and profitability within a highly competitive industry. Changes are implemented where deemed appropriate in order to minimise the effects of the risks and uncertainties the company faces in maintaining margins.

KEY PERFORMANCE INDICATORS

Performance is measured by gross profit margins, debtor days and bank balance. Performance is also measured through the review of the monthly management accounts.

ON BEHALF OF THE BOARD:

Mrs B T Barge - Secretary

13 October 2020

**Report of the Directors
for the Year Ended 31 March 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Mrs B T Barge
A Barge
S A Barge
N P Hunt
P D Carnell

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company's financial assets and liabilities consist of trade debtors, trade creditors and cash balances.

The directors manage the company's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the company's external financial advisers.

The company does not trade in foreign currencies.

The company does not trade speculatively in derivatives or similar instruments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Report of the Directors
for the Year Ended 31 March 2020

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mrs B T Barge - Secretary

13 October 2020

Report of the Independent Auditors to the Members of East Midlands Central Station Limited

Opinion

We have audited the financial statements of East Midlands Central Station Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of East Midlands Central Station Limited

Matters on which we are required to report by exception

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

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Ian Neal FCA CTA (Senior Statutory Auditor)
for and on behalf of Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

29 October 2020

Profit and Loss Account
for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
TURNOVER		12,024,166	11,293,435
Cost of sales		<u>8,754,701</u>	<u>8,032,161</u>
GROSS PROFIT		3,269,465	3,261,274
Administrative expenses		<u>3,231,761</u>	<u>3,003,524</u>
OPERATING PROFIT	4	37,704	257,750
Interest receivable and similar income		<u>12,814</u>	<u>13</u>
PROFIT BEFORE TAXATION		50,518	257,763
Tax on profit	5	<u>75,470</u>	<u>(46,897)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(24,952)</u>	<u>304,660</u>

Other Comprehensive Income
for the Year Ended 31 March 2020

Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR	(24,952)	304,660
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(24,952)</u>	<u>304,660</u>

Balance Sheet
31 March
2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	6		303,058		335,558
CURRENT ASSETS					
Stocks	7	1,544		2,472	
Debtors: amounts falling due within one year	8	4,505,902		3,938,471	
Debtors: amounts falling due after more than one year	8	109,392		109,763	
Cash at bank and in hand		<u>1,039,198</u>		<u>1,517,163</u>	
		5,656,036		5,567,869	
CREDITORS					
Amounts falling due within one year	9	<u>6,056,809</u>		<u>5,976,190</u>	
NET CURRENT LIABILITIES			<u>(400,773)</u>		<u>(408,321)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(97,715)</u>		<u>(72,763)</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Retained earnings			<u>(97,815)</u>		<u>(72,863)</u>
SHAREHOLDERS' FUNDS			<u>(97,715)</u>		<u>(72,763)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 October 2020 and were signed on its behalf by:

A Barge - Director

Statement of Changes in Equity
for the Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	100	(377,523)	(377,423)
Changes in equity			
Total comprehensive income	-	304,660	304,660
Balance at 31 March 2019	<u>100</u>	<u>(72,863)</u>	<u>(72,763)</u>
Changes in equity			
Total comprehensive income	-	(24,952)	(24,952)
Balance at 31 March 2020	<u>100</u>	<u>(97,815)</u>	<u>(97,715)</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2020**

1. STATUTORY INFORMATION

East Midlands Central Station Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents net monitoring fees, excluding value added tax. These are credited to the profit and loss account on a straight line basis over the term of the contract.

Any connection fees recovered are credited to the profit and loss account on inception of the contract.

Tangible fixed assets

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

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Improvements to leasehold property	- 10% on cost
Process equipment	- 33% reducing balance
Fixtures and fittings	- 25% reducing balance
Motor vehicles	- 25% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

Pension costs and other post-retirement benefits

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax arises from timing differences between taxable total profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised only when it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences and losses can be deducted.

Provision is made at current rates for taxation deferred in respect of all material timing differences.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred on a straight line basis over the period of the lease.

Related parties

The company is a wholly owned subsidiary undertaking of Vacuum (Holdings) Limited. The company has taken advantage of the exemption contained within Financial Reporting Standard 102 and has therefore not disclosed transactions with entities which form part of this group, other than as normally disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key source of estimation

In the application of the company's accounting policies the directors are required to make judgement estimates and assumptions about the carrying amounts of the company's assets and liabilities. These are based on historical experience and other factors that are considered relevant and are reviewed on a regular basis and recognised in the period in which the estimate is revised. Actual results may differ from these estimates.

The following are the critical judgements and where relevant the key sources of estimation uncertainty:

Tangible fixed assets are depreciated over their useful economic lives taking in to account their residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken in to account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

Deferred income is assessed based on the time period of the particular invoice, and is included within accruals and deferred income.

The recoverability of debtors is assessed on the likelihood and circumstances of the particular cost.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	4,044,634	3,672,036
Social security costs	447,425	485,619
Other pension costs	93,297	54,408
	<u>4,585,356</u>	<u>4,212,063</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2020	2019
Management and administration	27	29
Operational	<u>99</u>	<u>95</u>
	<u>126</u>	<u>124</u>

	2020	2019
	£	£
Directors' remuneration	<u>1,062,333</u>	<u>981,835</u>

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	<u>707,443</u>	<u>654,103</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation - owned assets	104,728	102,041
Loss on disposal of fixed assets	81,842	12,382
Auditors' remuneration	7,300	7,200
Auditors' remuneration for non audit work	10,912	8,481
Pension costs	93,297	54,408
Operating lease payments	<u>130,163</u>	<u>121,000</u>

5. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	64,000	-
Adjustments re prior year	-	(138)
Total current tax	<u>64,000</u>	<u>(138)</u>
Deferred tax	<u>11,470</u>	<u>(46,759)</u>
Tax on profit	<u>75,470</u>	<u>(46,897)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

5. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>50,518</u>	<u>257,763</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	9,598	48,975
Effects of:		
Expenses not deductible for tax purposes	30,801	(59,727)
Adjustments to tax charge in respect of previous periods	-	(138)
Other permanent differences	<u>35,071</u>	<u>(36,007)</u>
Total tax charge/(credit)	<u>75,470</u>	<u>(46,897)</u>

6. TANGIBLE FIXED ASSETS

	Improvements to leasehold property £	Process equipment £	Motor vehicles £	Totals £
COST				
At 1 April 2019	255,953	1,572,580	339,471	2,168,004
Additions	-	-	225,370	225,370
Disposals	-	-	(240,400)	(240,400)
At 31 March 2020	<u>255,953</u>	<u>1,572,580</u>	<u>324,441</u>	<u>2,152,974</u>
DEPRECIATION				
At 1 April 2019	254,694	1,532,352	45,400	1,832,446
Charge for year	1,259	13,276	90,193	104,728
Eliminated on disposal	-	-	(87,258)	(87,258)
At 31 March 2020	<u>255,953</u>	<u>1,545,628</u>	<u>48,335</u>	<u>1,849,916</u>
NET BOOK VALUE				
At 31 March 2020	<u>-</u>	<u>26,952</u>	<u>276,106</u>	<u>303,058</u>
At 31 March 2019	<u>1,259</u>	<u>40,228</u>	<u>294,071</u>	<u>335,558</u>

7. STOCKS

	2020 £	2019 £
Components	<u>1,544</u>	<u>2,472</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

8. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,373,146	2,984,690
Amounts owed by related parties	203,788	203,788
Other debtors	-	46,036
Directors' current accounts	489,480	306,914
Tax	118,121	74,050
Prepayments	321,367	322,993
	<u>4,505,902</u>	<u>3,938,471</u>
Amounts falling due after more than one year:		
Tax	55,170	44,071
Deferred tax	54,222	65,692
	<u>109,392</u>	<u>109,763</u>
Aggregate amounts	<u>4,615,294</u>	<u>4,048,234</u>

	2020 £	2019 £
Capital allowances due in future periods	<u>54,222</u>	<u>65,692</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 10)	104,094	-
Trade creditors	695,162	614,391
Amounts owed to parent undertaking	364	364
Amounts owed to related parties	2,519	4,933
Tax	119,170	44,071
Social security and other taxes	446,675	767,445
Accruals and deferred income	4,688,825	4,544,986
	<u>6,056,809</u>	<u>5,976,190</u>

10. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>104,094</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	126,000	121,000
Between one and five years	472,000	48,000
In more than five years	440,000	-
	<u>1,038,000</u>	<u>169,000</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

13. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking is Vacuum (Holdings) Limited. Copies of the consolidated financial statements of Vacuum (Holdings) Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

14. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year, a net advance of £182,566 was made to the directors. The amounts are interest free and repayable upon demand.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

15. RELATED PARTY DISCLOSURES

A director of the company is a trustee and beneficiary of a pension fund. During the year, the company paid £130,163 (2019: £121,000) to the pension fund in respect of rent of its premises.

The company trades with another group controlled by two of the directors.

Goods and services were provided during the year ended 31 March 2020 as follows:

		Management charge	Purchases	Debtors	Creditors
£	£	£	£		
		31,667	33,135	-	4,375

The following amounts relate to the year ended 31 March 2019:

		Management charge	Purchases	Debtors	Creditors
£	£	£	£		
		32,000	30,636	-	2,273

At the balance sheet date a current account balance of £2,519 (2019: £4,933) was owed by the group in which two of the directors have control. The balances are interest free and repayable upon demand.

Included in debtors are amounts outstanding of £203,788 (2019: £203,788) owed by the group in which two of the directors have control. The balances are interest free and repayable on demand.

The directors maintain loan accounts with the company. At the balance sheet date the amounts owing from the directors is shown in the debtors note. The balances are interest free and repayable on demand.

16. ULTIMATE CONTROLLING PARTY

The controlling party is Mrs B T Barge.

17. EMPLOYEE BENEFITS

Included in the notes to the financial statements are payments to the defined contribution pension scheme.

18. GOING CONCERN

The company had net liabilities at the balance sheet date mainly as a result of a provision for tax and national insurance liabilities on payments made to third parties in respect of certain directors in prior periods. The directors are of the opinion that the going concern applies, due to the level of deferred income and the present levels of expected activity. As a result, the going concern basis has been adopted. No dividends will be paid until the deficit on the reserves has been cleared.