

Company Registration No. 03220576 (England and Wales)

HYBRID SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

HYBRID SERVICES LIMITED

COMPANY INFORMATION

Directors	P Thomas P A Mitchell
Secretary	P A Mitchell
Company number	03220576
Registered office	No 3 Gateway Crewe Cheshire CW16YY
Auditor	Afford Bond Holdings Limited 31 Wellington Road Nantwich Cheshire CW5 7ED

HYBRID SERVICES LIMITED

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HYBRID SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present the strategic report for the year ended 30 September 2018.

Fair review of the business

The results for the year and the financial position at the year end are as shown in the annexed financial statements and were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Principal risks and uncertainties

The directors consider that the level of profits achieved in the year and the principal risks and uncertainties that are present have been managed satisfactorily. The results for the year are set out in the profit and loss account. Profit before tax was £2,336,013 (2017: £2,151,021). The directors will strive to control costs during the ongoing periods of growth in order to achieve continuing profitability in the future.

Future performance is dependent upon the business environment of the sectors we sell to. Although the company remains focused solely on its principal activity of the distribution of computer peripherals, the product range we supply and the markets we sell to, both here and abroad, are believed to be adequate enough to allow a company of our size to continue to operate successfully.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Development and performance

The directors are satisfied with the position of the company at the year end as shown in the balance sheet. More investment in fixed assets was undertaken during the year to assist in enhancing both external and internal performance. Return on capital employed, calculated as profit before interest and tax divided by shareholders funds and long term debt, is 79.72% for 2018 and 97.98% in 2017.

On behalf of the board

P A Mitchell

Director

26 June 2019

HYBRID SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their annual report and financial statements for the year ended 30 September 2018.

Principal activities

The principal activity of the company continued to be that of the distribution of computer peripherals.

Directors

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

P Thomas
P A Mitchell

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,310,000. The directors do not recommend payment of a final dividend.

Future developments

The directors intend to gradually expand the current activity of the company, continuing to sell computer peripherals, but in larger quantities and to wider markets. The company will also continue to sell to other EC member states. The directors remain committed to controlling costs throughout any expansion to obtain reasonable levels of profits in future years.

Auditor

In accordance with the Company's Articles, a resolution proposing that Afford Bond Holdings Limited be reappointed as auditors, of the company will be put at a General Meeting.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

P A Mitchell
Director
26 June 2019

HYBRID SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

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 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.

HYBRID SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HYBRID SERVICES LIMITED

Opinion

We have audited the financial statements of Hybrid Services Limited (the 'company') for the year ended 30 September 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 30 September 2018 and of its 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.

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 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.

HYBRID SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HYBRID SERVICES 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

**Peter O'Malley FCCA CTA (Senior Statutory Auditor)
for and on behalf of Afford Bond Holdings Limited**

26 June 2019

**Chartered Accountants
Statutory Auditor**

31 Wellington Road
Nantwich
Cheshire
CW5 7ED

HYBRID SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	18,000,946	16,859,015
Cost of sales		(12,728,450)	(11,873,648)
Gross profit		<u>5,272,496</u>	<u>4,985,367</u>
Administrative expenses		(2,939,100)	(2,833,670)
Operating profit	4	<u>2,333,396</u>	<u>2,151,697</u>
Interest receivable and similar income	7	2,617	-
Interest payable and similar expenses	8	-	(676)
Profit before taxation		<u>2,336,013</u>	<u>2,151,021</u>
Tax on profit	9	(445,563)	(406,376)
Profit for the financial year		<u><u>1,890,450</u></u>	<u><u>1,744,645</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HYBRID SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 £	2017 £
Profit for the year	1,890,450	1,744,645
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,890,450</u>	<u>1,744,645</u>

HYBRID SERVICES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		687,783		725,224
Current assets					
Stocks	14	2,362,089		2,145,070	
Debtors	15	2,901,232		2,671,889	
Cash at bank and in hand		1,441,002		1,487,301	
		<u>6,704,323</u>		<u>6,304,260</u>	
Creditors: amounts falling due within one year	16	<u>(4,624,289)</u>		<u>(4,833,435)</u>	
Net current assets			2,080,034		1,470,825
Total assets less current liabilities			<u>2,767,817</u>		<u>2,196,049</u>
Creditors: amounts falling due after more than one year	17		(33,918)		(42,600)
Net assets			<u>2,733,899</u>		<u>2,153,449</u>
Capital and reserves					
Called up share capital	20		100		100
Profit and loss reserves			2,733,799		2,153,349
Total equity			<u>2,733,899</u>		<u>2,153,449</u>

The financial statements were approved by the board of directors and authorised for issue on 26 June 2019 and are signed on its behalf by:

P A Mitchell
Director

Company Registration No. 03220576

HYBRID SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2016		100	2,108,704	2,108,804
Year ended 30 September 2017:				
Profit and total comprehensive income for the year		-	1,744,645	1,744,645
Dividends	10	-	(1,700,000)	(1,700,000)
Balance at 30 September 2017		100	2,153,349	2,153,449
Year ended 30 September 2018:				
Profit and total comprehensive income for the year		-	1,890,450	1,890,450
Dividends	10	-	(1,310,000)	(1,310,000)
Balance at 30 September 2018		100	2,733,799	2,733,899

HYBRID SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	1,748,323		3,487,331	
Interest paid		-		(676)	
Taxes paid		(367,747)		(469,392)	
		<u>1,380,576</u>		<u>3,017,263</u>	
Net cash inflow from operating activities					
Investing activities					
Purchase of tangible fixed assets		(175,471)		(253,223)	
Proceeds on disposal of tangible fixed assets		104,649		93,700	
Interest received		2,617		-	
		<u>(68,205)</u>		<u>(159,523)</u>	
Net cash used in investing activities					
Financing activities					
Payment of finance leases obligations		(48,670)		(17,373)	
Dividends paid		(1,310,000)		(1,700,000)	
		<u>(1,358,670)</u>		<u>(1,717,373)</u>	
Net cash used in financing activities					
Net (decrease)/increase in cash and cash equivalents					
		(46,299)		1,140,367	
Cash and cash equivalents at beginning of year		1,487,301		346,934	
		<u>1,441,002</u>		<u>1,487,301</u>	
Cash and cash equivalents at end of year					

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

Hybrid Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is No 3 Gateway, Crewe, Cheshire, CW16YY.

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.

1.2 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.

1.3 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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 contracts for the provision of professional services 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.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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 has been fully amortised.

1.5 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.

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

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:

Land and buildings Leasehold	2% per annum straight line
Fixtures, fittings & equipment	25% per annum reducing balance
Motor vehicles	25% per annum reducing balance

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 credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

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.

1.7 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.8 Cash at bank and in hand

Cash at bank and in hand 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.

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.9 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 company 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 company after deducting all of its liabilities.

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

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.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Taxation

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

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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

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 when the company has 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.

1.12 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.

1.13 Retirement benefits

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

1.14 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 the profit and loss account 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 income 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 lease asset are consumed.

1.15 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 are included in the profit and loss account for the period.

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

2 Judgements 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 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

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	1,800,946	16,859,015
	<u>1,800,946</u>	<u>16,859,015</u>
Analysis per statutory database	1,800,946	16,859,015
Statutory database analysis does not agree to the trial balance by:	16,200,000	-

	2018	2017
	£	£
Other significant revenue		
Interest income	2,617	-
	<u>2,617</u>	<u>-</u>

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	16,418,271	15,780,410
Other EC Member States	1,582,675	1,078,605
	<u>18,000,946</u>	<u>16,859,015</u>

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(6,553)	201,126
Fees payable to the company's auditor for the audit of the company's financial statements	11,150	11,150
Depreciation of owned tangible fixed assets	141,995	157,872
Depreciation of tangible fixed assets held under finance leases	24,758	19,423
(Profit)/loss on disposal of tangible fixed assets	(4,140)	7,455
Cost of stocks recognised as an expense	12,735,003	11,672,522
Operating lease charges	207,689	191,059
	<u>12,735,003</u>	<u>11,672,522</u>

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

4 Operating profit

(Continued)

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a gain of £6,553 (2017 : loss £201,126).

5 Employees

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

	2018	2017
	Number	Number
Sales, support and administration	36	33
Directors	2	2
	<u>38</u>	<u>35</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	1,281,746	1,195,044
Social security costs	120,657	108,751
Pension costs	58,140	50,040
	<u>1,460,543</u>	<u>1,353,835</u>

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	15,424	15,408

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	2,617	-
	<u>2,617</u>	<u>-</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	2,617	-
	<u>2,617</u>	<u>-</u>

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	676
	<u> </u>	<u> </u>

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	445,563	406,376
	<u> </u>	<u> </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:

	2018	2017
	£	£
Profit before taxation	2,336,013	2,151,021
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	443,842	419,449
Capital allowances in excess of depreciation	1,721	(13,073)
	<u> </u>	<u> </u>
Taxation charge for the year	445,563	406,376
	<u> </u>	<u> </u>

10 Dividends

	2018	2017
	£	£
Interim paid	1,310,000	1,700,000
	<u> </u>	<u> </u>

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2017 and 30 September 2018	100,000
Amortisation and impairment	
At 1 October 2017 and 30 September 2018	100,000
Carrying amount	
At 30 September 2018	-
At 30 September 2017	-

12 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2017	276,160	533,403	828,881	1,638,444
Additions	-	5,056	224,765	229,821
Disposals	-	-	(197,161)	(197,161)
At 30 September 2018	276,160	538,459	856,485	1,671,104
Depreciation and impairment				
At 1 October 2017	66,277	459,926	387,017	913,220
Depreciation charged in the year	5,523	19,701	141,529	166,753
Eliminated in respect of disposals	-	-	(96,652)	(96,652)
At 30 September 2018	71,800	479,627	431,894	983,321
Carrying amount				
At 30 September 2018	204,360	58,832	424,591	687,783
At 30 September 2017	209,883	73,477	441,864	725,224

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

	2018 £	2017 £
Motor vehicles	74,273	58,269
Depreciation charge for the year in respect of leased assets	24,758	19,423

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

13 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,880,642	2,651,299
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	3,886,541	4,128,321
	<u> </u>	<u> </u>

14 Stocks

	2018 £	2017 £
Finished goods and goods for resale	2,362,089	2,145,070
	<u> </u>	<u> </u>

15 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,512,555	2,319,829
Other debtors	368,087	331,470
Prepayments and accrued income	20,590	20,590
	<u> </u>	<u> </u>
	2,901,232	2,671,889
	<u> </u>	<u> </u>

16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	26,159	11,797
Trade creditors		2,800,607	3,099,867
Corporation tax		283,823	206,007
Other taxation and social security		487,843	541,707
Other creditors		668,950	679,123
Accruals and deferred income		356,907	294,934
		<u> </u>	<u> </u>
		4,624,289	4,833,435
		<u> </u>	<u> </u>

17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	33,918	42,600
		<u> </u>	<u> </u>

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

18 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	26,159	11,797
In two to five years	33,918	42,600
	<u>60,077</u>	<u>54,397</u>
	<u><u>60,077</u></u>	<u><u>54,397</u></u>

Finance lease payments represent rentals payable by the company 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 less than 1 year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	58,140	50,040
	<u>58,140</u>	<u>50,040</u>
	<u><u>58,140</u></u>	<u><u>50,040</u></u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>

21 Operating lease commitments

Lessee

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

	2018	2017
	£	£
Within one year	8,333	8,333
	<u>8,333</u>	<u>8,333</u>
	<u><u>8,333</u></u>	<u><u>8,333</u></u>

HYBRID SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	15,424	15,408

P Thomas and P A Mitchell are also directors and shareholders of Ultra Violet Creative Limited, Church Developments, Whitehall Barns Limited and Moss Lane Homes Limited.

Ultra Violet Creative Limited - Included in creditors at the year end, is a balance due from Hybrid Services Limited for £668,950 (2017: £679,123).

Whitehall Barns Limited - Included in debtors at the year end is a balance due to Hybrid Services Limited for £nil (2017: £312,933).

Moss Lane Homes Limited - Included in debtors at the year end is a balance due to Hybrid Services Limited for £53,400 (2017: £nil).

Mr Thomas and Mr Mitchell are also members in PPC Fusion LLP and partners in P & P Properties.

PPC Fusion LLP - included within debtors is a balance owing to Hybrid Services Limited of £315,638 (2017: £468,344).

P & P Properties - included within debtors is a balance owing to Hybrid Services Limited of £213,212 (2017: £6,620).

23 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,890,450	1,744,645
Adjustments for:		
Taxation charged	445,563	406,376
Finance costs	-	676
Investment income	(2,617)	-
(Gain)/loss on disposal of tangible fixed assets	(4,140)	7,455
Depreciation and impairment of tangible fixed assets	166,753	177,295
Movements in working capital:		
(Increase) in stocks	(217,019)	(510,731)
(Increase)/decrease in debtors	(229,343)	459,930
(Decrease)/increase in creditors	(301,324)	1,201,685
Cash generated from operations	1,748,323	3,487,331

