

DGC Limited

Financial Statements

30 September 2019



DGC Limited

Registered number: 02565069

Directors H H Montgomery
 D N Birkmyre
 P A Irving
 A D Taylor

Company secretary H H Montgomery

Registered office HTC Group Lakeside Industrial Estate
 Colnbrook
 Slough
 SL3 0ED

Solicitors Carson McDowell LLP
 Murray House
 4 Murray Street
 Belfast
 BT1 6DN

Bankers Danske Bank Limited
 75 King William Street
 London
 Co. Antrim
 EC4N 7DT

Auditors Ernst & Young LLP
 16-22 Bedford Street
 Belfast
 BT2 7DT

DGC Limited

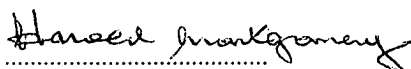
Balance Sheet As at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	<u>11,210,889</u>	<u>6,737,319</u>
Current assets			
Debtors	6	1,112,058	991,941
Cash at bank and in hand	7	<u>830,412</u>	<u>1,219,247</u>
		1,942,470	2,211,188
Creditors: Amounts falling due within one year	8	<u>(3,456,887)</u>	<u>(2,842,322)</u>
Net current liabilities		<u>(1,514,417)</u>	<u>(631,134)</u>
Total assets less current liabilities		9,696,472	6,106,185
Creditors: Amounts falling due after more than one year	9	<u>(7,366,621)</u>	<u>(3,776,525)</u>
Net assets		<u>2,329,851</u>	<u>2,329,660</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	14	<u>2,319,851</u>	<u>2,319,660</u>
Equity shareholders' funds		<u>2,329,851</u>	<u>2,329,660</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS102 Section 1A - Small Entities.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies regime.

Approved and authorised by the Board on 20 May 2020 and signed on its behalf by:



H H Montgomery
Director

The notes on pages 3 to 12 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 September 2019

1 General information

DGC Limited is a private company limited by shares, incorporated in England.

The address of its registered office is:
HTC Group Lakeside Industrial Estate
Colnbrook
Slough
SL3 0ED
United Kingdom

2 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including section 1A of Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention.

The financial statements are presented in Sterling (£). All balances presented are rounded to the nearest £1.

Going concern

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The directors have taken all precautions necessary to ensure the health and safety of all of our staff and members of the public, while continuing to keep our business open and operating.

Inevitably our businesses are experiencing a reduction in customer activity and sales volumes. Given the uncertainty of when current UK Government COVID-19 containment measures will reduce or indeed cease, it is likely we will continue to experience reductions in sales activity in our business. The Company has sought to mitigate the effect of the necessary restrictions on business by seeking to preserve cash and reduce discretionary expenditure. As well as temporarily curtailing some of our operations, the Company has also engaged in the Coronavirus Job Retention Scheme to safeguard jobs and retain experience, and utilised the VAT deferral scheme. While we continue to operate within our bank and leasing facilities and currently we do not anticipate the need to avail of further support mechanisms, discussions with our various lenders and HMRC are positive, indicating the ability to avail of further financial support such as deferring corporation tax and/or PAYE/NIC payments, hire purchase/lease payment holidays and increased facilities.

Notes to the Financial Statements for the Year Ended 30 September 2019

2 Accounting policies (continued)

COVID-19 is expected to have a significant impact on activities and revenues for the remainder of 2020. However, we are confident we will maintain margin, and with the actions taken in mitigation, supported by Government initiatives, we expect equal if not greater cost savings throughout the Company through this uncertain period. As the Company finances its rental fleet through hire purchase or leasing, the Company's financial position normally shows a net current liability position, which at 30 September 2019 amounted to £1,514,417 (2018- £631,134). The Directors have considered the impact of COVID-19 on the Company's financial performance and cash flows, including modelling severe sensitivities that consider the risk of further reductions in revenues due to more adverse trading conditions, a longer period of lockdown and/or slower recovery from the impact of the pandemic. The Company's financial forecasts and sensitivities show the Company is expected to continue to be cash generative taking account of the anticipated changes in trading performance as a result of COVID-19 and the effects of mitigating actions taken or available to the Company, and it will operate within its facilities and meet its obligations as they fall due. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at their initial purchase cost, net of depreciation and any provisions for impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is provided on fixed assets, other than leasehold investment properties where the lease has 20 years or more to run, on a basis calculated to write off the cost or valuation of the assets over their estimated useful lives. The rates at present in use are as follows:

Asset class	Depreciation method and rate
Motor Vehicles	25% reducing balance

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements for the Year Ended 30 September 2019

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Leasing and hire purchase commitments

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the years of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Notes to the Financial Statements for the Year Ended 30 September 2019

2 Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity and;
- specific criteria have been met for each of the company's activities.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The items in the financial statements where these judgments and estimates have been made include:

Notes to the Financial Statements for the Year Ended 30 September 2019

3 Critical accounting judgments and key sources of estimation uncertainty (continued)

(i) Determining and reassessing the residual values and useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and physical condition of the assets.

(ii) Recoverability of debtors

Short term debtors are measured at transaction price, less any impairment. Estimates are made in respect to the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience and the ageing profile of debtors are considered.

4 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Administration and support	<u>10</u>	<u>10</u>

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Notes to the Financial Statements for the Year Ended 30 September 2019

5 Tangible assets

	Motor vehicles £
Cost or valuation	
At 1 October 2018	13,466,603
Additions	7,780,322
Disposals	<u>(2,609,890)</u>
At 30 September 2019	<u>18,637,035</u>
Depreciation	
At 1 October 2018	6,729,284
Charge for the year	2,439,326
Eliminated on disposal	<u>(1,742,464)</u>
At 30 September 2019	<u>7,426,146</u>
Net book value	
At 30 September 2019	<u>11,210,889</u>
At 30 September 2018	<u>6,737,319</u>

The net book value of motor vehicles includes £10,349,836 (2018: £5,930,966) in respect of assets held under finance lease or hire purchase. The depreciation charge in respect of such assets amounted to £2,297,361 (2018: £1,598,160) for the year.

6 Debtors

	Note	2019 £	2018 £
Trade debtors		734,496	752,894
Amounts owed by group undertakings	17	53,596	5,434
Other debtors		148,176	1
Prepayments		94,789	155,004
Deferred tax assets	11	57,570	78,608
Group relief receivable		<u>23,431</u>	<u>-</u>
		<u>1,112,058</u>	<u>991,941</u>

7 Cash and cash equivalents

	2019 £	2018 £
Cash at bank	<u>830,412</u>	<u>1,219,247</u>

DGC Limited**Notes to the Financial Statements for the Year Ended 30 September 2019****8 Creditors: amounts falling due within one year**

	Note	2019 £	2018 £
Trade creditors		100,675	43,222
Amounts owed to group undertakings		154,710	176,860
Accruals and deferred income		118,829	188,344
Social security and other taxes		-	21,151
Corporation tax		-	115,861
Obligations under finance leases and hire purchase contracts	10	3,082,673	2,296,884
		<u>3,456,887</u>	<u>2,842,322</u>

The company has entered into an unlimited intercompany cross guarantee with other members of the Ballyvesey Holdings Limited Group.

Amounts due under hire purchase and finance lease agreements are secured against the assets to which they relate.

9 Creditors: amounts falling due after one year

	Note	2019 £	2018 £
Obligations under finance leases and hire purchase contracts	10	<u>7,366,621</u>	<u>3,776,525</u>

10 Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2019 £	2018 £
Amounts payable:		
Within one year	3,082,673	2,296,884
In two to five years	<u>7,366,621</u>	<u>3,776,525</u>
	<u>10,449,294</u>	<u>6,073,409</u>

11 Deferred tax asset

	2019 £	2018 £
At beginning of year	(78,608)	(60,339)
Charge/(credit) for the year	<u>21,038</u>	<u>(18,269)</u>
At end of year	<u>(57,570)</u>	<u>(78,608)</u>

DGC Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

11 Deferred tax asset (continued)

Deferred taxation comprises:

	2019 £	2018 £
Decelerated capital allowances	<u>(57,570)</u>	<u>(78,608)</u>

12 Share capital

Authorised

	2019 £	2018 £
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid shares		

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

Each ordinary share holds one voting right.

13 Other financial commitments

At 30 September 2019, the company had future minimum commitments under non-cancellable operating leases as set out below:

	Plant & equipment	
	2019 £	2018 £
Within one year	50,932	50,932
Between two to five years	<u>10,149</u>	<u>10,149</u>
	<u>61,081</u>	<u>61,081</u>

14 Reserves

Called up share capital

This reserve represents the nominal value of shares that have been issued.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

DGC Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

15 Capital commitments

At the year end, the company had capital commitments for plant and machinery of £1,257,830 (2018 - £3,692,023).

16 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £8,239 (2018 - £2,196). Contributions totalling £1,927 (2018 - £1,174) were payable to the fund at the year end and are included in creditors.

17 Related party disclosures

DGC Limited is a 100% subsidiary of Morgan Elliott Group Limited. Heathrow Truck Centre Limited owns 100% of the share capital of Morgan Elliott Group Limited and in turn, Ballyvesey Holdings Limited owns 100% of their shares. The company has taken advantage of the exemption given in FRS 102 section 33. This exemption permits non-disclosure of related party transactions of a wholly owned subsidiary company within the Ballyvesey Holdings Group.

18 Parent and ultimate parent undertaking

The company's immediate parent company is Morgan Elliott Group Limited, a company incorporated in England.

The company's immediate parent is Ballyvesey Holdings Limited, incorporated in England.

The most senior parent entity producing publicly available financial statements is Ballyvesey Holdings Limited. These financial statements are available upon request from Carr Hill, Doncaster, DN4 8DE

The ultimate controlling parties are the Members of the Montgomery Family Trusts.

Notes to the Financial Statements for the Year Ended 30 September 2019

19 Events after the balance sheet

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The directors have taken all precautions necessary to ensure the health and safety of all of our staff and members of the public, while continuing to keep our business open and operating.

While we continue to operate, to date our business has experienced a reduction in customer activity and sales volumes. The extent of the impact of the COVID-19 pandemic on the Company remains uncertain, however it is expected to have a significant impact on the Company's activities and revenues for the remainder of 2020. However, the Directors are confident that the Company will maintain margin, and with the actions taken by the Company and with the support provided by the UK Government as indicated in note 2, we expect equal if not greater cost savings throughout the Company through this uncertain period. The impact on going concern has been disclosed in note 2 to the financial statements. Despite the potential reduction in revenues, the Directors do not currently expect a material impairment of tangible fixed assets, stocks or trade debtors to arise.

20 Auditors' information

EY LLP are the statutory auditors of DGC Limited. An unqualified audit opinion was issued on 29 May 2020 by senior statutory auditor Michael Kidd for the financial year ended 30 September 2019. The unqualified opinion included the following emphasis of matter however the opinion was not modified in this respect:

Emphasis of matter - Effects of COVID-19

We draw attention to Note 2 and 19 of the financial statements, which describe the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, consumer demand and personnel available for work and or being able to access sites. Our opinion is not modified in respect of this matter.