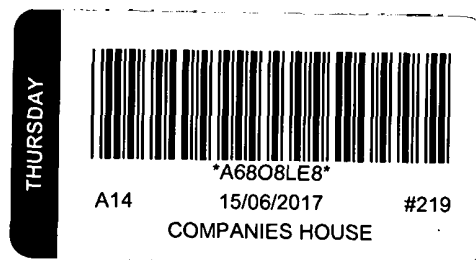


Registered number: 04963144

DVS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016



DVS LTD

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DVS LTD

COMPANY INFORMATION

Directors

S Douglas
G Dunleavy
T Goodson (appointed 20 June 2016)

Registered number

04963144

Registered office

Unit 3 Neptune Point
Vanguard Way
Cardiff
CF24 5PG

Independent auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

DVS LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present the strategic report of DVS Ltd (the "company") for the year ended 31 October 2016.

Business review

The company experienced another year of strong, profitable expansion of its operations in 2016 with an increase in turnover of 39% to £24,538,000 and an increase in net profit before tax of 12% to £3,537,000.

The company continues to invest in both its infrastructure and staff development to ensure that it can achieve its long term objectives and maintain its focus on its return on equity. The company had net assets of £5,335,000 at 31 October 2016 which is an increase of 72% on the prior year; and average staff numbers increased from 33 to 41 employees. As at 31 October 2016 staff numbers were 47 (2015 - 39).

The company utilises an invoice factoring facility to effectively manage working capital to facilitate the extensive growth of the business. With this being the only source of debt in use, the company has headroom to take on further funding to support capital investment in expansion should it be required.

Based on strong turnover growth achieved in 2016 the Directors anticipate that volumes across the company's various industry sectors will continue to increase in 2017. The directors expect 2017 to be another excellent year for DVS Ltd.

Principal risks and uncertainties

The company monitors and manages its risks by reviewing such on a regular basis and implementing processes to mitigate the risks where necessary.

The company's strategy to address the risks of the highly competitive market place is to offer quality, flexible and cost effective solutions and service offerings to its customers and prospective customers to satisfy their increasing requirements. The company has an exceptionally strong pre and post sales support structure within its team; with highly knowledgeable and experienced sales and technical support staff who ensure customer satisfaction is exceeded.

The company's credit risk relating to its trade receivables is considered to be limited due to the invoice factoring facility in place which provides insurance against such.

Financial key performance indicators

The main performance indicator used by the Directors to assess the performance of the company is EBITDA, i.e. Operating Profit before Depreciation, Amortisation and Finance charges, which has grown by 11% to £3,575,000 in the current year. The company's key driver is to continue to grow its EBITDA while maintaining Net Profit Margin and enhance the quality of its business so as to be in a strong position to raise finance whenever such funding may be required.

Other key performance indicators

The directors believe that the use of non-financial KPI's are necessary for an understanding of the results and operations of the business and in particular for understanding and monitoring the success of the company as a complete entity. As a measure of such staff turnover rates are regularly monitored and reviewed by the directors. The directors recognise the importance of the staff in the company's successes, and believe the unified ethos that the team and the company portray in striving for the success of the company is vital for the current and future success of the company.

DVS LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2016**

This report was approved by the board on *8th June 2017* and signed on its behalf by:



T Goodson
Director

DVS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their annual report and the audited financial statements of DVS Ltd (the "company") for the year ended 31 October 2016.

Results and dividends

The profit for the financial year amounted to £2,829,026 (2015: £2,497,591).

During the year a dividend of £600,000, equivalent to £6,000 per £1 share (2015: £820,373, equivalent to £8,204 per £1 share) was paid.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

J L Bowie (resigned 20 June 2016)
S P Bowie (resigned 20 June 2016)
S Douglas
G Dunleavy
T Goodson (appointed 20 June 2016)

Financial risk management

The company's activities expose it to a variety of financial risks including credit risk, liquidity risk and foreign exchange risk. The company's principal financial instruments comprise cash at bank, trade debtors, trade creditors and financing of trade debtors. The main purpose of these instruments is to finance the company's operation.

Credit risk

The company's credit risk is very low and is primarily attributable to its trade debtors. Trade debtors are managed in respect of this risk by an insured invoice factoring facility along with policies and procedures concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the Balance Sheet are net of allowances for doubtful debtors. The credit risk on cash at bank is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses the financing of trade debtors provided by external providers. Liquidity risk on trade creditors is managed by ensuring sufficient funds are available to meet amounts due.

Foreign exchange risk

The company's purchasing activities expose it to limited financial risks associated with changes in currency exchange rates, specifically USD and EUR. The company has access to the facilities required to use foreign exchange contracts to hedge these exposures should the risk be deemed significant.

Future developments

Future developments of the company are discussed in the Strategic Report on page 2.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2016**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on *8TH June 2017* and signed on its behalf by:



T Goodson
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DVS LTD

Report on the financial statements

Our opinion

In our opinion, DVS Ltd's group and company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2016 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 October 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DVS LTD

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jason Clarke BSc ACA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

Date: 13 JUNE 2017

DVS LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	2016 £	2015 £
Turnover	4	24,537,623	17,677,236
Cost of sales		(18,294,938)	(12,825,302)
Gross profit		6,242,685	4,851,934
Administrative expenses		(2,744,291)	(1,670,644)
Operating profit	5	3,498,394	3,181,290
Interest receivable and similar income	9	76	461
Interest payable and similar charges	10	(35,987)	(36,059)
Other finance income		74,591	-
Profit on ordinary activities before taxation		3,537,074	3,145,692
Tax on profit on ordinary activities	11	(708,048)	(648,101)
Profit for the financial year		2,829,026	2,497,591
Total comprehensive income for the financial year		2,829,026	2,497,591

The notes on pages 11 to 25 form part of these financial statements.

DVS LTD
REGISTERED NUMBER: 04963144

**BALANCE SHEET
AS AT 31 OCTOBER 2016**

	Note	2016 £	2016 £	As restated 2015 £	As restated 2015 £
Fixed assets					
Tangible assets	14		336,281		356,500
Investments	14		54		54
			<u>336,335</u>		<u>356,554</u>
Current assets					
Stocks	15	4,074,492		2,356,875	
Debtors	16	6,104,194		4,105,878	
Cash at bank and in hand	17	809,852		1,044,216	
		<u>10,988,538</u>		<u>7,506,969</u>	
Creditors: amounts falling due within one year	18	(5,928,999)		(4,701,571)	
Net current assets			<u>5,059,539</u>		<u>2,805,398</u>
Total assets less current liabilities			<u>5,395,874</u>		<u>3,161,952</u>
Provisions for liabilities					
Deferred taxation	19		(61,008)		(56,112)
Net assets			<u>5,334,866</u>		<u>3,105,840</u>
Capital and reserves					
Called up share capital	20		100		100
Capital redemption reserve	21		33		33
Profit and loss account	21		5,334,733		3,105,707
Total shareholders' funds			<u>5,334,866</u>		<u>3,105,840</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
8-6-17 by:



T Goodson

Director

The notes on pages 11 to 25 form part of these financial statements.

DVS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' fund £
At 1 November 2015	100	33	3,105,707	3,105,840
Comprehensive income for the financial year				
Profit for the financial year	-	-	2,829,026	2,829,026
Total comprehensive income for the financial year	-	-	2,829,026	2,829,026
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(600,000)	(600,000)
Total transactions with owners	-	-	(600,000)	(600,000)
At 31 October 2016	100	33	5,334,733	5,334,866

FOR THE YEAR ENDED 31 OCTOBER 2015

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 1 November 2014	100	33	1,428,489	1,428,622
Comprehensive income for the financial year				
Profit for the financial year	-	-	2,497,591	2,497,591
Total comprehensive income for the financial year	-	-	2,497,591	2,497,591
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(820,373)	(820,373)
Total transactions with owners	-	-	(820,373)	(820,373)
At 31 October 2015	100	33	3,105,707	3,105,840

The notes on pages 11 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1. General information

~~DVS Limited (the "company") is involved in the provision of CCTV, IP CCTV and video surveillance equipment.~~

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Unit 3 Neptune Point, Vanguard Way, Cardiff, CF24 5PG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

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

The following principal accounting policies have been applied consistently throughout the year unless otherwise stated:

2.2 Prior year adjustment

The directors have reviewed the terms under which goods in transit are delivered to the company and have determined that these should be accounted for as stocks owned by the company. As such the balance sheet for the prior financial year has been restated to recognise stocks of £1,564,047 (2015: £449,395) with a corresponding adjustment to accruals. There was no impact on net assets or profits as a result of this restatement.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of O/S as at 31 October 2016 and these financial statements may be obtained from O/S.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible assets

Tangible assets under the cost model 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	10%
Plant and machinery	-	25%
Motor vehicles	-	20%
Fixtures and fittings	-	25%
Office equipment	-	25%

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 in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

2. Accounting policies (continued)

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-votable ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

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

2.15 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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 in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

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

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stock provisions

Management provides for slow and obsolete stocks based on a combination of age and other known factors which might affect the ability to sell the stock item. The provision rates used are reassessed regularly against experience.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company being the provision of CCTV, IP CCTV and video surveillance equipment.

All turnover arose within the United Kingdom.

DVS LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016****5. Operating profit**

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	77,011	25,492
Exchange differences	158,160	13,479
Operating lease rentals	169,095	78,381
	=====	=====

6. Auditors' remuneration

	2016	2015
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	14,500	12,000
	=====	=====
Fees payable to the Company's auditors in respect of:		
All other services	8,750	23,100
	=====	=====

7. Employees

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

	2016	2015
	£	£
Wages and salaries	1,654,577	1,113,469
Social security costs	165,453	111,425
Other pension costs	30,000	24,000
	1,850,030	1,248,894
	=====	=====

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

	2016	2015
	Number	Number
Sales	16	10
Administration	8	6
Technical & support	7	8
Warehouse	6	5
Directors	4	4
	41	33
	=====	=====

DVS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

8. Directors' remuneration

	2016 £	2015 £
Aggregate directors' emoluments	349,579	263,353
Company contributions to defined contribution pension schemes	30,000	24,000
	<u>379,579</u>	<u>287,353</u>

During the year retirement benefits were accruing to 2 directors (2015: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £175,706 (2015: £151,903).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2015: £Nil).

9. Interest receivable and similar income

	2016 £	2015 £
Other interest receivable	<u>76</u>	<u>461</u>

10. Interest payable and similar charges

	2016 £	2015 £
Other interest payable	<u>35,987</u>	<u>36,059</u>

11. Tax on profit on ordinary activities

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	703,152	602,637
Total current tax	<u>703,152</u>	<u>602,637</u>
Deferred tax		
Origination and reversal of timing differences	737	46,405
Effect of changes in tax rates	(6,779)	(941)
Adjustment in respect of previous periods	10,938	-
Total deferred tax	<u>4,896</u>	<u>45,464</u>
Tax on profit on ordinary activities	<u>708,048</u>	<u>648,101</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

11. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: the same as) the standard rate of corporation tax in the UK of 20% (2015: 20.41%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>3,537,074</u>	<u>3,145,692</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.41%)	710,936	642,036
Effects of:		
Expenses not deductible for tax purposes	13,937	6,065
Adjustments to tax charge in respect of prior periods	10,938	-
Tax rate changes	(6,779)	-
Effects of group relief/other reliefs	<u>(20,984)</u>	<u>-</u>
Total tax charge for the year	<u><u>708,048</u></u>	<u><u>648,101</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Dividends

	2016 £	2015 £
Dividends paid equivalent to £6,000 (2015: £8,203.73) per £1 share	<u><u>600,000</u></u>	<u><u>820,373</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

13. Tangible assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 November 2015	233,857	21,010	14,695	82,209	76,881	428,652
Additions	-	1,025	23,759	11,076	45,061	80,921
Disposals	(33,379)	(3,499)	-	(52,608)	(358)	(89,844)
At 31 October 2016	<u>200,478</u>	<u>18,536</u>	<u>38,454</u>	<u>40,677</u>	<u>121,584</u>	<u>419,729</u>
Accumulated depreciation						
At 1 November 2015	7,707	3,230	490	43,025	17,700	72,152
Charge for the year	21,651	5,445	5,276	17,325	27,315	77,012
Disposals	(10,981)	(2,624)	-	(51,753)	(358)	(65,716)
At 31 October 2016	<u>18,377</u>	<u>6,051</u>	<u>5,766</u>	<u>8,597</u>	<u>44,657</u>	<u>83,448</u>
Net book value						
At 31 October 2016	<u>182,101</u>	<u>12,485</u>	<u>32,688</u>	<u>32,080</u>	<u>76,927</u>	<u>336,281</u>
At 31 October 2015	<u>226,150</u>	<u>17,780</u>	<u>14,205</u>	<u>39,184</u>	<u>59,181</u>	<u>356,500</u>

14. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2015	<u>54</u>
At 31 October 2016	<u>54</u>
Net book value	
At 31 October 2016	<u>54</u>
At 31 October 2015	<u>54</u>

The directors believe that the value of the investments is supported by their underlying assets.

DVS LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016****15. Stocks**

	2016 £	As restated 2015 £
Finished goods and goods for resale	<u>4,074,492</u>	<u>2,356,875</u>

Stock recognised in cost of sales during the year as an expense was £19,644,530 (2015: £13,055,732).

An impairment loss of £115,277 (2015: £20,302) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	2016 £	2015 £
Trade debtors	5,080,605	4,064,360
Amounts owed by group undertakings	831,490	-
Prepayments and accrued income	117,508	41,518
Financial instruments	74,591	-
	<u>6,104,194</u>	<u>4,105,878</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash at bank and in hand

	2016 £	2015 £
Cash at bank and in hand	<u>809,852</u>	<u>1,044,216</u>

18. Creditors: Amounts falling due within one year

	2016 £	As restated 2015 £
Financing of trade debtors	1,204,281	2,543,993
Trade creditors	1,935,137	973,418
Corporation tax	391,131	300,962
Other taxation and social security	538,461	139,159
Other creditors	1,859,989	744,039
	<u>5,928,999</u>	<u>4,701,571</u>

There is a fixed charge over all present freehold and leasehold property and a fixed and floating charge over all other assets of the business held by the company's bank.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

19. Deferred taxation

	2016 £	2015 £
At beginning of year	56,112	10,648
Charged to the Consolidated Statement of Comprehensive Income	4,896	45,464
At end of year	61,008	56,112

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	61,008	56,112

20. Called up share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 (2015: 100) Ordinary shares of £1 each	100	100

21. Reserves

Capital redemption reserve

The capital redemption reserve represents the cumulative nominal value of shares repurchased by the company.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £30,000 (2015: £24,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

23. Commitments under operating leases

At 31 October, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Later than 1 year and not later than 5 years	430,448	486,231
Later than 5 years	335,966	433,599
	<u>766,414</u>	<u>919,830</u>

24. Transactions with directors

During the year the directors made the following loans to the company:

S P Bowie £Nil (2015: £50,000)
J L Bowie £Nil (2015: £50,000)
S Douglas £Nil (2015: £100,000)

These loans were unsecured, interest free and repayable on demand. The above loans were all repaid in full in November 2015.

25. Related party transactions

The disclosure below is a summary of the overall effect by category of related party transactions and the directors maintain a complete schedule of the transactions, which is available for inspection upon request.

£3,495 (2015: £Nil) was charged to DVS Ltd during the year, for consultancy services provided by J L Bowie (previous director of DVS Ltd). No balances (2015: £Nil) were outstanding at year end.

£3,495 (2015: £Nil) was charged to DVS Ltd during the year, for consultancy services provided by J L Bowie (previous director of DVS Ltd). No balances (2015: £Nil) were outstanding at year end.

During the year the company made sales of £19,710 (2015: £15,514) to Intelligent IP Ltd, a company in which S Douglas (director of DVS Ltd) and S P Bowie (previous director of DVS Ltd) own a controlling shareholding. At the year end the company was owed £10,623 (2015: £7,942) by Intelligent IP Ltd.

During the year the company made purchases of £148,349 (2015: £204,523) from Intelligent IP Ltd. No balances (2015: £Nil) were owed at the year end.

During the year the company made purchases of £12,000 (2015: £12,500) from DB Holdings, a partnership between S Douglas (director of DVS Ltd) and S P Bowie (previous director of DVS Ltd). No balances (2015: £Nil) were outstanding at the year end.

During the year the company made purchases of £6,000 (2015: £Nil) from Goodson Thomas Limited, a company in which S Goodson (the wife of T Goodson, a director of DVS Ltd) has a controlling interest. No balances (2015: £Nil) were outstanding at the year end.

DVS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

26. Controlling party

The immediate parent company is Cooper Projects Limited, who are the parent of the smallest and largest group to consolidate these financial statements. The ultimate controlling party is Timothy Goodson by virtue of his shareholding.

DVS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

27. First time adoption of FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the period ended 31 October 2015.

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