

**ELECOSOFT LIMITED**  
**(Formerly Eleco Limited)**

**Registered Number: 02734227**

**Directors' Report and Financial Statements**  
**for the year ended 31 December 2019**

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## **INDEX**

|               |  |
|---------------|--|
| <b>1</b>      | <b>Officers and advisers</b>             |
| <b>2</b>      | <b>Directors' Report</b>                 |
| <b>3 - 5</b>  | <b>Independent Auditor's Report</b>      |
| <b>6</b>      | <b>Profit and Loss Account</b>           |
| <b>7</b>      | <b>Statement of Changes in Equity</b>    |
| <b>8</b>      | <b>Balance Sheet</b>                     |
| <b>9 - 11</b> | <b>Notes to the financial statements</b> |

**ELECOSOFT LIMITED****OFFICERS AND ADVISERS****Directors**

J Hunter  
B Moralee

**Registered office**

66 Clifton Street  
London  
EC2A 4HB

**Bankers**

Barclays Bank plc

**Auditor**

Grant Thornton UK LLP  
2nd Floor, St John's House  
Haslett Avenue West  
Crawley  
RH10 1HS

**ELECOSOFT LIMITED**

2

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and has taken advantage of section 415A of the Companies Act 2006.

**RESULTS AND DIVIDEND**

The profit for the year ended 31 December 2019 was £2,106,038 (2018: £1,774,875). An ordinary dividend of £2,300,000 (2018: £1,700,000) was paid during the period. Please see note 1 accounting policies on dividends with regards to a technical breach of the Companies Act with regards to payment of dividends and insufficient distributable reserves.

**REVIEW OF THE BUSINESS**

The Company is a wholly owned subsidiary of Eleco plc and operates as part of the Eleco Group and has elected to take advantage of section 246(4) of the Companies Act 2006 regarding reporting of KPIs.

The Company's principal activity during the year was an investment and holding company.

The Company changed its name from Eleco Limited to Elecosoft Limited after the year end.

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland"). 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 and 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 estimates that are reasonable and prudent;
- UK Accounting Standards have been followed, including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland, subject to any material departures disclosed and explained in the 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DIRECTORS**

The Directors, who served in the year and up to the date of approval of the financial statements, were as follows.

J Hunter

J Kettleley (resigned from the Board on 23 September 2020)

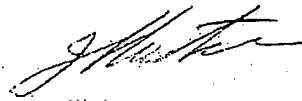
B Moralee (appointed to the Board on 23 September 2020)

The Company maintains Directors' and Officers' Liability insurance.

BY ORDER OF THE BOARD

66 Clifton Street  
London  
EC2A 4HB

17 December 2020



J Hunter

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## ELECOSOFT LIMITED

### Opinion

We have audited the financial statements of Elecosoft Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss Account, Statement of Changes in Equity, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

### Emphasis of Matter – Distribution to Shareholders

We draw attention to the "dividends" section within the notes to the accounts on page 9 which describes a technical breach of the requirements of the Companies Act 2006 in relation to a distribution made to shareholders on 31 December 2019. Our opinion is not modified in respect of this matter.

### 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.

### Who we are reporting to

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.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

4

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**ELECOSOFT LIMITED (continued)**

**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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- The Directors' Report has been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

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 any material misstatements in the Directors' Report.

5

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**ELECSOFT LIMITED (continued)**

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the company, 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; or
- the directors were not entitled to take advantage of the small company exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

**Responsibilities of director for the financial statements**

As explained more fully in the statement of directors' responsibilities set out on page 2, 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 are 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: [www.frc.org.uk/auditorsresponsibilities](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.

*Grant Thornton UK LLP*

Nick Jones  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Gatwick

7 December 2020

Registered Number: 02734227

**ELECOSOFT LIMITED**

6

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2019**

|  |       | 2019             | 2018             |
|--|-------|------------------|------------------|
|  | NOTES | £                | £                |
| Administrative income/(expenses)                     |       | -                | -                |
| Operating profit                                     |       | -                | -                |
| Provision for impairment of investments              | 5     | (181,429)        | -                |
| Dividends received                                   |       | 2,843,702        | 2,186,000        |
| Profit before interest and taxation                  |       | 2,662,273        | 2,186,000        |
| Interest payable                                     | 3     | (573,035)        | (429,012)        |
| Profit before taxation                               |       | 2,089,238        | 1,756,988        |
| Tax on profit  | 4     | 16,800           | 17,887           |
| Total comprehensive income and profit after taxation |       | <u>2,106,038</u> | <u>1,774,875</u> |

All of the Company's operations are continuing.

The accompanying accounting policies and notes on pages 9 to 11 form part of these financial statements.



**ELECOSOFT LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2019**

|  | Share<br>capital<br>£ | Capital<br>contribution<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£     |
|--|-----------------------|------------------------------|------------------------------------|----------------|
| <b>At 1 January 2019 (restated)</b>        | <b>371,191</b>        | <b>727,838</b>               | <b>(567,362)</b>                   | <b>531,667</b> |
| Profit for the period                      | -                     | -                            | 2,106,038                          | 2,106,038      |
| Dividend                                   | -                     | -                            | (2,300,000)                        | (2,300,000)    |
| Total comprehensive expense for the period | -                     | -                            | (193,962)                          | (193,962)      |
| <b>At 31 December 2019</b>                 | <b>371,191</b>        | <b>727,838</b>               | <b>(761,324)</b>                   | <b>337,705</b> |

|  | Share<br>capital<br>£ | Capital<br>contribution<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£     |
|--|-----------------------|------------------------------|------------------------------------|----------------|
| <b>At 1 January 2018 (restated)</b>        | <b>371,191</b>        | <b>727,838</b>               | <b>(642,237)</b>                   | <b>456,792</b> |
| Profit for the period                      | -                     | -                            | 1,774,875                          | 1,774,875      |
| Dividend                                   | -                     | -                            | (1,700,000)                        | (1,700,000)    |
| Total comprehensive expense for the period | -                     | -                            | 74,875                             | 74,875         |
| <b>At 31 December 2018 (restated)</b>      | <b>371,191</b>        | <b>727,838</b>               | <b>(567,362)</b>                   | <b>531,667</b> |

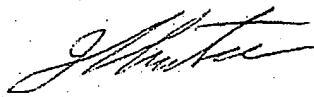
The accompanying accounting policies and notes on pages 9 to 11 form part of these financial statements.

**ELECOSOFT LIMITED****BALANCE SHEET**  
**As at 31 December**

|   |              | 2019                |                     | 2018<br>(restated)  |                   |
|---|--------------|---------------------|---------------------|---------------------|-------------------|
|   | <u>NOTES</u> | £                   | £                   | £                   | £                 |
| <b>FIXED ASSETS</b>                                       |              |                     |                     |                     |                   |
| Investments:  |              |                     |                     |                     |                   |
| Shares in related companies                               | 5            |                     | <u>19,600,731</u>   | <u>19,782,160</u>   | <u>19,782,160</u> |
|   |              |                     | 19,600,731          |                     |                   |
| <b>CURRENT ASSETS</b>                                     |              |                     |                     |                     |                   |
| Debtors   | 6            | <u>798,222</u>      |                     | <u>781,199</u>      |                   |
|   |              | 798,222             |                     | 781,199             |                   |
| <b>CREDITORS: AMOUNTS FALLING<br/>DUE WITHIN ONE YEAR</b> | 7            | <u>(20,061,248)</u> |                     | <u>(20,031,692)</u> |                   |
|   |              |                     |                     |                     |                   |
| <b>NET CURRENT LIABILITIES</b>                            |              |                     | <u>(19,263,026)</u> | <u>(19,250,493)</u> |                   |
| <b>NET ASSETS</b>   |              |                     | <u>337,705</u>      | <u>531,667</u>      |                   |
| <b>CAPITAL AND RESERVES</b>                               |              |                     |                     |                     |                   |
| Called up share capital                                   | 8            |                     | 371,191             | 371,191             |                   |
| Capital contribution                                      | 7            |                     | 727,838             | 727,838             |                   |
| Profit and loss account                                   |              |                     | (761,324)           | (567,362)           |                   |
| <b>SHAREHOLDERS' EQUITY</b>                               |              |                     | <u>337,705</u>      | <u>531,667</u>      |                   |

The accompanying accounting policies and notes form part of these financial statements.

The financial statements of Elecosoft Limited, registered number 02734227, on pages 6 to 11 were approved by the Board of Directors on 17 December 2020, and signed on its behalf by:



J Hunter

**ELECOSOFT LIMITED**  
**Notes to the financial statements for the year ended 31 December 2019**

**1 ACCOUNTING POLICIES**

The Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102, the financial Reporting Standard applicable to the United Kingdom and Ireland, and with the Companies Act 2006.

**Basis of preparation**

The company is incorporated in the UK and its registered office is at 66 Clifton Street, London, EC2A 4HB. The financial statements are prepared in accordance with the historical cost convention and are presented in pounds sterling. The Company has adopted the following disclosure exemptions under FRS 102, section 400:

- requirement to present a statement of cash flows and related notes
- financial instrument disclosures.

**Investments**

Fixed asset investments are shown at cost, together with any incidental costs of acquisition, less any provision for impairment. Provisions are reviewed and adjusted annually to reflect any changes in the carrying value of the underlying subsidiary investment.

**Taxation**

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation 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 the date will result in an obligation to pay more tax or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiary undertakings only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- 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.

**Dividends**

*Dividend income represents income from investment in shares of related companies.*

Dividends paid are those declared by the end of the reporting period in favour of the parent company, Eleco plc.

On 31 December 2019 the company paid a dividend of £1,700,000 to the ultimate parent, Eleco plc. At the date of issuing the dividend the directors considered the distributable reserves position. However, subsequent to this a prior period error was identified in respect of the impairment of the investment in subsidiary undertakings (as disclosed in note 12). Following consideration of this impairment the distributable reserves were found to be insufficient to cover the dividend issue of £1,700,000 and thus did not comply with the requirements of the Companies Act 2006.

The directors have considered the potential impact of this breach and conclude that due to the nature of the dividend being an intercompany transaction, it has no material impact on the group, its key stakeholders and on the ultimate parent company, Eleco plc's ability to distribute dividends to its shareholders. The directors will assess the impact and adjust the level of dividends in the year ending 31 December 2020 to the extent that the distributable reserves position will be sufficient to cover the dividend payment.

**Going concern**

Notwithstanding the net current liabilities of approximately £19m, these financial statements have been prepared on a going concern basis as the parent company has confirmed its financial support and that it will not require repayment of the intercompany loan within the next 12 months from the signing of these financial statements if it would prejudice the ability of the company to continue as a going concern.

**ELECOSOF LIMITED****Notes to the financial statements for the year ended 31 December 2019 (continued)****2 EMPLOYEES**

The Company has no employees (2018: Nil).

Directors remuneration is borne by another group company.

**3 INTEREST PAYABLE**

|                               | 2019           | 2018           |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| Payable to Group undertakings | <u>573,035</u> | <u>429,012</u> |

**4 TAX ON PROFIT****a) Tax on profit**

|                                       | 2019            | 2018            |
|---------------------------------------|-----------------|-----------------|
|                                       | £               | £               |
| Current tax:                          |                 |                 |
| UK current tax on profits of the year | <u>(16,800)</u> | <u>(17,887)</u> |
| Deferred tax:                         |                 |                 |
| Total deferred tax                    | <u>-</u>        | <u>-</u>        |
| Tax on profit                         | <u>(16,800)</u> | <u>(17,887)</u> |

**b) Factors affecting tax credit for period**

The differences between the current tax assessed for the period and the average standard rate of corporation tax are explained as follows:

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | £                | £                |
| Profit before tax  | <u>2,089,238</u> | <u>1,756,988</u> |
| Profit multiplied by the average standard rate of corporation tax of 19.00% (2018: 19.00%) | 396,955          | 333,828          |
| Effects of:  |                  |                  |
| Income not taxable   | (540,303)        | (415,340)        |
| Expenses not deductible for tax purposes   | 17,671           | (17,887)         |
| Losses surrendered not paid  | <u>108,876</u>   | <u>81,512</u>    |
| Current tax credit for the year  | <u>(16,800)</u>  | <u>(17,887)</u>  |

**c) Factors that may affect future tax charges**

Income tax for the UK has been calculated at the weighted average rate of UK corporation tax of 19.00% (2018: 19.00%) on the estimated assessable profit for the period. The Directors do not anticipate the level of tax to change significantly in the future and therefore will not have an impact on the company.

**5 SHARES IN RELATED COMPANIES****Shares at cost**

|   | £                 |
|---|-------------------|
| Cost  |                   |
| At 1 January 2019                             | <u>20,382,465</u> |
| At 31 December 2019                           | <u>20,382,465</u> |
| Accumulated provision                         |                   |
| At 1 January 2019 (restated)                  | (600,305)         |
| Impairment                                    | <u>(181,429)</u>  |
| At 31 December 2019                           | <u>(781,734)</u>  |
| Net book value at 31 December 2018 (restated) | <u>19,782,160</u> |
| Net book value at 31 December 2019            | <u>19,600,731</u> |

The restatement relates to impairment in shares in a related company. Further details are disclosed in note 12.

| Company                | Aggregate of share capital and reserves | Profit / (loss) for the year | Country of incorporation | Class of share capital held | Proportion held | Nature of business  |
|------------------------|---|------------------------------|--------------------------|-----------------------------|-----------------|---------------------|
|                        | £                                       | £                            |                          |                             |                 |                     |
| Asta Development GMBH  | 225,034                                 | 106,585                      | Germany                  | Ordinary                    | 100%            | Software & services |
| Elecsoft Consultec AB  | 1,004,029                               | 181,428                      | Sweden                   | Ordinary                    | 100%            | Software & services |
| Elecsoft UK Ltd *      | 7,601,138                               | 2,794,493                    | UK                       | Ordinary                    | 100%            | Software & services |
| Eleco Software Limited | (5,376,639)                             | (192,374)                    | UK                       | Ordinary                    | 100%            | Software            |
| Shire Systems Ltd      | 1,044,957                               | 953,118                      | UK                       | Ordinary                    | 100%            | Software & services |
| Eleco Software GmbH    | 161,681                                 | 11,319                       | Germany                  | Ordinary                    | 100%            | Software & services |
| Elecsoft LLC           | (213,770)                               | (96,240)                     | US                       | Ordinary                    | 100%            | Software            |
| Elecsoft BV            | 85,160                                  | 123,205                      | Netherlands              | Ordinary                    | 100%            | Software & services |

\* shares held indirectly

Details of the registered office for each related entity are disclosed in the consolidated financial statements of Eleco plc, the ultimate parent company, which are publicly available.

**ELECOSOFT LIMITED****Notes to the financial statements for the year ended 31 December 2019 (continued)****6 DEBTORS**

|                                     | 2019           | 2018           |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| Due within one year:                |                |                |
| Amounts owed by Fellow Subsidiaries | 686,227        | 686,004        |
| Corporation tax                     | 111,995        | 95,195         |
|                                     | <u>798,222</u> | <u>781,199</u> |

The amount owed by fellow subsidiaries relates to ESIGN Software GmbH. This loan is interest bearing and is fully payable within one year. There is no security on this loan.

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                   | 2019              | 2018              |
|-----------------------------------|-------------------|-------------------|
|                                   | £                 | £                 |
| Due within one year:              |                   |                   |
| Amount owed to parent undertaking | 20,224,692        | 20,283,556        |
| Fair value intercompany loan      | (727,838)         | (727,838)         |
| Intercompany interest expense     | 564,394           | 475,974           |
|                                   | <u>20,061,248</u> | <u>20,031,692</u> |

**8 CALLED UP SHARE CAPITAL**

|                                     | 2019           | 2018           |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| Allotted, called up and fully paid: |                |                |
| 371,191 ordinary shares of £1 each  | 371,191        | 371,191        |
|                                     | <u>371,191</u> | <u>371,191</u> |

**9 ULTIMATE PARENT COMPANY**

The Directors regard Eleco plc, a company registered in England and Wales, as the ultimate controlling parent undertaking. Copies of the ultimate controlling parent's consolidated financial statements may be obtained from the Company Secretary, Eleco plc, 66 Clifton Street, London, EC2A 4HB.

According to the Register of Members kept by the Company, Eleco plc has a 100% interest in the equity capital of the Company at 31 December 2019.

**10 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption in FRS 102 section 33 from disclosing transactions with related parties that are part of Eleco plc or subsidiaries.

**11 CONTINGENT LIABILITIES**

Security provided to the bank for the provision of the Group's banking facilities is a cross guarantee and debenture between the company and the parent company, Eleco plc.

**12 PRIOR PERIOD ADJUSTMENTS**

In the current year, brought forward retained earnings and investments were restated by £600,305.

Management have therefore restated the prior year accounts by the amounts stated in the reconciliation below:

|                   | As at 1 January 2018 | Prior period adjustment | As at 1 January 2018 (restated) |
|-------------------|----------------------|-------------------------|---------------------------------|
|                   | £                    | £                       | £                               |
| Retained Earnings | (41,932)             | (600,305)               | (642,237)                       |
| Investments       | 14,034,461           | (600,305)               | 13,434,156                      |

The prior period adjustment was in respect of the impairment of the investment in the subsidiary undertaking, Eleco Software Limited.

The total of the above prior period adjustment impacted retained earnings.

**13 POST-BALANCE SHEET EVENTS**

In our view, the Coronavirus outbreak is considered to be a non-adjusting post balance sheet event and no adjustment is made in the financial statements as a result. Further details of the impact on operations of Coronavirus can be obtained from the Group's Annual Report and Accounts, which does not form part of this Report.