

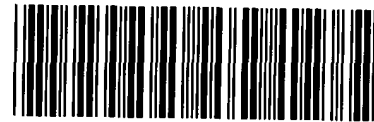
ELECO LIMITED

Registered Number: 02734227

FINANCIAL STATEMENTS

for the year ended 31 December 2018

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COMPANIES HOUSE

INDEX

| | |
|-------|-----------------------------------|
| 1 | Director's Report |
| 2 - 3 | Independent Auditor's Report |
| 4 | Profit and Loss Account |
| 5 | Statement of Changes in Equity |
| 6 | Balance Sheet |
| 7 - 9 | Notes to the financial statements |

ELECO LIMITED**DIRECTOR'S REPORT**

The Director submits his report and accounts for the year ended 31 December 2018.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

RESULTS AND DIVIDEND

The profit for the year ended 31 December 2018 was £1,774,875 (2017: £1,099,412). An ordinary dividend of £1,700,000 (2017: £1,350,000) was paid during the period.

REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of Elecosoft plc and operates as part of the Elecosoft 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 Director is not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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. He is 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 director confirms that:

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

The director is 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 AND THEIR INTERESTS

The Directors, who served in the year, were as follows :

J A Hunter - appointed as a director on 3 July 2018

J H B Ketteley

The Company maintains Directors' and Officers' Liability insurance.

SMALL COMPANIES EXEMPTION

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

AUDITORS

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

Parkway House
Pegasus Way
Haddenham Business Park
Haddenham
HP17 8LJ



J A Hunter

30 September 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ELECO LIMITED

Opinion

We have audited the financial statements of Eleco Limited (the 'company') for the year ended 31 December 2018 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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

Other information

The director is 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- The Director's 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 Director's Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ELECO 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 company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and 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 director's responsibilities set out on page 1, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or has 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. This description forms part of our auditor's report.

Grant Thornton UK LLP

Adrian Bennett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

30 September 2019

Registered Number: 02734227

ELECO LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2018**

| | | 2018 | 2017 |
|---|--------------|-------------------------|-------------------------|
| | NOTES | £ | £ |
| Administrative income/(expenses) | | - | (575) |
| Operating profit / (loss) | | <u>-</u> | <u>(575)</u> |
| Dividends received | | 2,186,000 | 1,568,070 |
| Profit on ordinary activities before interest and taxation | | <u>2,186,000</u> | <u>1,567,495</u> |
| Interest payable | 3 | (429,012) | (486,421) |
| Profit on ordinary activities before taxation | 4 | <u>1,756,988</u> | <u>1,081,074</u> |
| Tax on profit on ordinary activities | 5 | 17,887 | 18,338 |
| Total comprehensive income and profit on ordinary activities after taxation | | <u><u>1,774,875</u></u> | <u><u>1,099,412</u></u> |

All of the Company's operations are continuing.

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

ELECO LTD**COMPANY STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2018

| | Share capital £ | Capital contribution £ | Profit and loss account £ | Total £ |
|---|-----------------------|------------------------------|------------------------------------|------------------|
| At 1 January 2018 | 371,191 | 727,838 | (41,932) | 1,057,097 |
| Transactions with owners | - | - | - | - |
| Profit for the period | - | - | 1,774,875 | 1,774,875 |
| Other comprehensive income: | | | | |
| Dividend | - | - | (1,700,000) | (1,700,000) |
| Total comprehensive income for the period | - | - | 74,875 | 74,875 |
| At 31 December 2018 | 371,191 | 727,838 | 32,943 | 1,131,972 |

| | Share capital £ | Capital contribution £ | Profit and loss account £ | Total £ |
|---|-----------------------|------------------------------|------------------------------------|------------------|
| At 1 January 2017 | 371,191 | 727,838 | 208,656 | 1,307,685 |
| Transactions with owners | - | - | - | - |
| Profit for the period | - | - | 1,099,412 | 1,099,412 |
| Dividend | - | - | (1,350,000) | (1,350,000) |
| Total comprehensive income for the period | - | - | (250,588) | (250,588) |
| At 31 December 2017 | 371,191 | 727,838 | (41,932) | 1,057,097 |

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

| | | 2018 | | 2017 (restated) | |
|---|---------------------|----------------|-------------------------|-------------------------|----------|
| | <u>NOTES</u> | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Investments: | | | | | |
| Shares in related companies | 6 | | 20,382,465 | 14,034,461 | |
| | | | <u>20,382,465</u> | <u>14,034,461</u> | |
| CURRENT ASSETS | | | | | |
| Debtors | 7 | 781,199 | | 1,203,119 | |
| | | <u>781,199</u> | | <u>1,203,119</u> | |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | | |
| | 8 | (20,031,692) | | (14,180,483) | |
| NET CURRENT LIABILITIES | | | <u>(19,250,493)</u> | <u>(12,977,364)</u> | |
| NET ASSETS | | | <u><u>1,131,972</u></u> | <u><u>1,057,097</u></u> | |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 9 | | 371,191 | 371,191 | |
| Capital contribution | 8 | | 727,838 | 727,838 | |
| Profit and loss account | | | 32,943 | (41,932) | |
| EQUITY SHAREHOLDERS' FUNDS | | | <u><u>1,131,972</u></u> | <u><u>1,057,097</u></u> | |

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

The financial statements of Eleco Limited, registered number 02734227, on pages 4 to 9 were approved by the Board of Directors on 30 September 2019, and signed on its behalf by:



J A Hunter

ELECO LIMITED**Notes to the financial statements for the year ended 31 December 2018****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 Parkway House, Pegasus Way, Haddenham Business Park, Haddenham, HP17 8LJ. 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:

- 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 Director considers 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.

Going concern

Notwithstanding the net current liabilities of approximately £15m 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.

ELECO LIMITED**Notes to the financial statements for the year ended 31 December 2018 (continued)****2 EMPLOYEES**

The Company has no employees (2017: Nil)

3 INTEREST PAYABLE

| | 2018 | 2017 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Payable to Group undertakings | <u>429,012</u> | <u>486,421</u> |

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is arrived at after charging or (crediting):-

Fees payable to the Company's auditor for the audit of the financial statements are borne by Elecosoft plc.

| | 2018 | 2017 |
|--|----------|----------|
| | £ | £ |
| | <u>-</u> | <u>-</u> |

5 TAX ON PROFIT ON ORDINARY ACTIVITIES**a) Tax on profit on ordinary activities****Current tax:**

UK current tax on profits of the year

Deferred tax:

Total deferred tax

Tax on profit on ordinary activities

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | £ | £ |
| | <u>(17,887)</u> | <u>(18,338)</u> |
| | <u>-</u> | <u>-</u> |
| | <u>(17,887)</u> | <u>(18,338)</u> |

b) Factors affecting tax charge for period

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

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>1,756,988</u> | <u>1,081,074</u> |
| Profit on ordinary activities multiplied by the average standard rate of corporation tax of 19% (2017: 19.25%) | 333,828 | 208,107 |
| Effects of: | | |
| Income not taxable | (415,340) | (301,853) |
| Expenses not deductible for tax purposes | (17,887) | - |
| Losses surrendered not paid | 81,512 | 75,408 |
| Current tax charge / (credit) for the year | <u>(17,887)</u> | <u>(18,338)</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% (2017: 19.25%) on the estimated assessable profit for the period.

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

| | £ |
|--|-------------------|
| Cost | |
| As at 1 January 2017 (originally stated) | 16,679,045 |
| Transfers | (2,644,584) |
| At 1 January 2017 (restated) | <u>14,034,461</u> |
| Additions | 6,348,004 |
| At 31 December 2018 | <u>20,382,465</u> |
| Net book value at 31 December 2017 (originally stated) | 16,679,045 |
| Net book value at 31 December 2017 (restated) | <u>14,034,461</u> |
| Net book value at 31 December 2018 | <u>20,382,465</u> |

Additions relate to the acquisition of Shire Systems Ltd. Further details of the acquisition can be found on the ultimate controlling parent's consolidated financial statements.

Transfers relate to the investment in shares of Integrated Computing and Office Networking Ltd (ICON). The investment was incorrectly recorded in the company, with an intercompany receivable in the parent's financial statements. This has been corrected to show the investment in the parent's financial statements.

ELECO LIMITED**Notes to the financial statements for the year ended 31 December 2018 (continued)****6 SHARES IN RELATED COMPANIES (continued)**

| | Country of incorporation | Class of share capital held | Proportion held | Nature of business |
|------------------------|-----------------------------|--------------------------------|-----------------|-----------------------|
| Asta Development GMBH | Germany | Ordinary | 100% | Software & services |
| Elecosoft Consultec AB | Sweden | Ordinary | 100% | Software & services |
| Elecosoft UK Ltd | UK | Ordinary | 100% | Software & services |
| Eleco Software Limited | UK | Ordinary | 100% | Software |
| Shire Systems Ltd | UK | Ordinary | 100% | Software & services |
| Eleco Software GmbH | Germany | Ordinary | 100% | Software & services |
| Elecosoft LLC | US | Ordinary | 100% | Software |
| Elecosoft BV | Netherlands | Ordinary | 100% | Software & services |

7 DEBTORS

| | 2018 | 2017 |
|-------------------------------------|----------------|------------------|
| Due within one year: | £ | £ |
| Amounts owed by Fellow Subsidiaries | 686,004 | 1,125,811 |
| Corporation tax | 95,195 | 77,308 |
| | <u>781,199</u> | <u>1,203,119</u> |

The amount owed by fellow subsidiaries relates to Esign Software GmbH.

8 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 (restated) |
|-----------------------------------|-------------------|--------------------|
| Due within one year: | £ | £ |
| Amount owed to parent undertaking | 20,283,556 | 14,521,784 |
| Fair value intercompany loan | (727,838) | (727,838) |
| Intercompany interest expense | 475,974 | 386,537 |
| | <u>20,031,692</u> | <u>14,180,483</u> |

9 CALLED UP SHARE CAPITAL

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| 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> |

10 ULTIMATE PARENT COMPANY

The Director regards Elecosoft 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, Elecosoft plc, 66 Clifton Street, London, EC2A 4HB.

According to the Register of Members kept by the Company, Elecosoft plc has a 100% interest in the equity capital of the Company at 31 December 2018.

11 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102.33 from disclosing transactions with related parties that are part of Eleco plc or subsidiaries.