

ELECO LIMITED

Registered Number: 02734227

FINANCIAL STATEMENTS

for the year ended 31 December 2016

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DIRECTOR'S REPORT

The Director submits his report and accounts for the year ended 31 December 2016.

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 2016 was £2,389,584 (2015: £718,997). An ordinary dividend of £2,200,000 (2015: £900,000) 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 :

G N Spratling - resigned as a director on 6 January 2017

J H B Ketteley

The Company maintains Directors' and Officers' Liability insurance.

DIRECTOR'S STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Director who was a member of the Board at the time of approving the Director's Report is listed above. Having made enquiries of the Company's Auditors, the Director confirms that to the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditors are unaware and the Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of the information.

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

25 September 2017



J H B Ketteley

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

We have audited the financial statements of Eleco Limited for the year ended 31 December 2016 which comprise the profit and loss account, the statement of changes in equity, the balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland".

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 auditors' 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.

Respective responsibilities of director and auditor

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. 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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
- 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.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small company exemption from the requirement to prepare a Strategic Report.

Grant Thornton UK LLP

Malcolm A Gomersall
Senior Statutory Auditor
for and behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes

28 September 2017

Registered Number: 02734227

ELECO LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2016**

		2016	2015
	NOTES	£	£
Administrative income/(expenses)		43,920	(19,110)
Operating profit / (loss)		<u>43,920</u>	<u>(19,110)</u>
Dividends received		2,614,211	1,328,666
Profit on ordinary activities before interest and taxation		<u>2,658,131</u>	<u>1,309,556</u>
Interest payable	3	(247,651)	(649,822)
Profit on ordinary activities before taxation	4	<u>2,410,480</u>	<u>659,734</u>
Tax on profit on ordinary activities	5	(20,896)	59,263
Profit on ordinary activities after taxation		<u><u>2,389,584</u></u>	<u><u>718,997</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 2016

	Share capital £	Capital contribution £	Retained earnings £	Total £
At 1 January 2016	371,191	727,838	19,072	1,118,101
Transactions with owners	-	-	-	-
Profit for the period	-	-	2,389,584	2,389,584
Other comprehensive income:				
Dividend	-	-	(2,200,000)	(2,200,000)
Total comprehensive income for the period	-	-	189,584	189,584
At 31 December 2016	371,191	727,838	208,656	1,307,685

	Share capital £	Capital contribution £	Retained earnings £	Total £
At 1 January 2015	371,191	727,838	200,075	1,299,104
Transactions with owners	-	-	-	-
Profit for the period	-	-	718,997	718,997
Dividend	-	-	(900,000)	(900,000)
Total comprehensive income for the period	-	-	(181,003)	(181,003)
At 31 December 2015	371,191	727,838	19,072	1,118,101

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

		2016		2015	
	<u>NOTES</u>	£	£	£	£
FIXED ASSETS					
Investments:					
Shares in related companies	6		16,434,445	14,034,461	
			<u>16,434,445</u>	<u>14,034,461</u>	
CURRENT ASSETS					
Debtors	7	1,242,684		1,325,558	
		<u>1,242,684</u>		<u>1,325,558</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	8	(16,369,444)		(14,241,918)	
NET CURRENT LIABILITIES			<u>(15,126,760)</u>	<u>(12,916,360)</u>	
NET ASSETS			<u>1,307,685</u>	<u>1,118,101</u>	
CAPITAL AND RESERVES					
Called up share capital	9		371,191	371,191	
Capital contribution	8		727,838	727,838	
Profit and loss account			208,656	19,072	
EQUITY SHAREHOLDERS' FUNDS			<u>1,307,685</u>	<u>1,118,101</u>	

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

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The financial statements of Eleco Ltd, registered number 02734227, on pages 3 to 8 were approved by the Board of Directors on 25 September 2017, and signed on its behalf by:



J H B Ketteley

ELECO LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 December 2016****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 accounting

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

- 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 ACCOUNTS for the year ended 31 December 2016 (Continued)****2 EMPLOYEES**

The Company has no employees (2015: Nil)

3 INTEREST PAYABLE

	2016	2015
	£	£
Payable to Group undertakings	<u>247,651</u>	<u>649,822</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.

	2016	2015
	£	£
	<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

	2016	2015
	£	£
	<u>20,896</u>	<u>(59,263)</u>
	<u>-</u>	<u>-</u>
	<u>20,896</u>	<u>(59,263)</u>

b) Factors affecting tax charge for period

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

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>2,410,480</u>	<u>659,734</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20.0% (2015: 20.25%)	482,096	133,596
Effects of:		
Income not taxable	(522,842)	-
Losses surrendered not paid	61,642	(192,859)
Current tax charge / (credit) for the year	<u>20,896</u>	<u>(59,263)</u>

c) Factors that may affect future tax charges

Income tax for the UK has been calculated at the standard rate of UK corporation tax of 20.0% effective from 1 April 2015 (2015: 20.25%) on the estimated assessable profit for the period.

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

	£
Cost	
As 1 January 2016	14,034,461
Additions	2,399,984
At 31 December 2016	<u>16,434,445</u>
Net book value at 31 December 2016	<u>14,034,461</u>
Net book value at 31 December 2015	<u>16,434,445</u>

ELECO LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 December 2016 (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
Integrated Computing & Office Networking 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

	2016	2015
Due within one year:	£	£
Amounts owed by Fellow Subsidiaries	1,183,714	1,285,625
Corporation tax	58,970	39,933
	<u>1,242,684</u>	<u>1,325,558</u>

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

8 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
Due within one year:	£	£
Amount owed to parent undertaking	16,796,312	14,770,094
Fair value intercompany loan	(727,838)	(727,838)
Intercompany interest expense	300,970	199,662
	<u>16,369,444</u>	<u>14,241,918</u>

9 CALLED UP SHARE CAPITAL

	2016	2015
	£	£
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, Parkway House, Pegasus Way, Haddenham Business Park, Haddenham, HP17 8LJ

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 2016.

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.