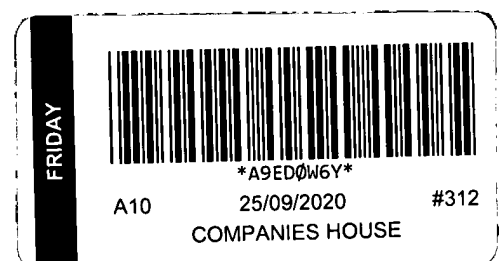


I.P. Integration Group Limited

Registered number: 04211271

Annual Report and consolidated financial statements

For the year ended 30 September 2019



I.P. INTEGRATION GROUP LIMITED

COMPANY INFORMATION

Directors	G R Christie L Fradin D J Glasgow B J Prentis C M Prentis Adventure Finance Limited
Company secretary	L Deller
Registered number	04211271
Registered office	Integration House, Turnhams Green Business Park Pincent's Lane Calcot Reading RG31 4UH
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 2nd Floor, Plaza 6 Sutton Plaza Sutton court Road Sutton Surrey SM1 4FS

I.P. INTEGRATION GROUP LIMITED

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I.P. INTEGRATION GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Introduction

The Directors present their strategic report of I.P. Integration Group Limited (the "Company") for the year ended 30th September 2019.

Principal activities

The principal activity of IP Integration is the provision of Contact Centre's and Customer Engagement solutions to mid-market, enterprise, and public sector organisations. In conjunction with these technology solutions IPI provides managed services, consulting services and network services that enable organisations to optimise the customer journey and the customer experience. These solutions and services are now delivered as cloud services and framed as Contact Centre as a Service (CCaaS).

Business review

The directors can report a solid year for revenue and gross profit, with the performance of the company needing to be understood within the context of the business transformation being undertaken. The objective of the company being to move away from one off revenues from on-premises products & services to a recurring revenue model built around CCaaS (as described above). This transition has impacted both in year revenue and profit but has provided the company with a launch platform for future growth.

Whilst overall revenues grew by 2%, recurring revenue for the year increased significantly by 25% to £16.8m (2018: £13.9m) this can be broken down as £1.6m of growth in the IPI contract base and £2.3m being the full year results of Managed Networks results versus 3 months in the prior year and now represents 80% of total turnover (2018: 68%). This growth is mainly attributable to multi year subscription fees which previously would have been non-recurring revenue from the sale of H/W and S/W perpetual licenses. This increased visibility of future revenue and profit is enabling the directors to invest further in our own cloud platform, people and supplementary services.

The year also saw an improvement in gross profit margin to 55.8% up from 53.5% on previous year which is again attributable to the benefit of moving towards a fully Cloud based Managed Service model with improved gross margins associated with lower cost to serve on cloud hosted platforms.

Financial key performance indicators

	2019	2019
	£	£
Turnover	20,833	20,362
Turnover - recurring revenues	16,761	13,928
Recurring revenue - % of turnover	80%	68%
Gross profit	11,624	10,885
Gross profit - % of turnover	55.8%	53.5%

People

In the period we continued to focus on investing and developing our people ensuring we build a great culture and work environment as we recognise the success of the company is dependent on our ability to retain and attract the best people within the industry. During the year average headcount increased slightly to 127 (2018: 122) employees, with employee costs increasing by a further 12% (£1.0m) on previous year, reflecting the investment made in training and recruitment to support the transition to becoming a Cloud services provider.

I.P. INTEGRATION GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Investment activity

On the back of the acquisition of Managed Networks in 2018 and the continued forward trajectory of the business, an initiative to seek new investment in the form of private equity was initiated. Following a lengthy selection process and period of due diligence, the investment was not able to be concluded. The primary reason for the not concluding was due to Brexit concerns around major project investment delays impacting sales. The failed process resulted in abort fees of £0.5m which was met from cash reserves. Despite this setback, following strong post balance sheet date performance, we remain in discussions with investors as this remains part of our strategy together with strong organic growth which we are confident we will deliver in FY20.

Principal risks and uncertainties facing the Group

In relation to the key financial risks of competition, price, credit, liquidity, cash flow, foreign currency, interest rate risks, the directors have familiarised themselves with the concepts of these risks especially in light of Brexit and the UK's full exit on December 31st 2020. The uncertainty post Brexit around the terms of the future relationship between the UK and the EU are still unknown and is impossible to assess in detail the opportunities and threats that will result from any future agreement. In the meantime the directors are managing this risk by closely monitoring developments, and are confident that the company will be able to amend and modify its procedures to remain fully compliant with any new rules or regulations, and to maintain its standing and reputation in the marketplace both locally in the UK and, where appropriate, throughout Europe and worldwide.

There is a continued internal focus on ensuring that the organisation can manage its growth carefully whilst maintaining compliance requirements in all areas including, legal, employment, health and safety and environmental matters. The directors have continued to maintain and invest in robust systems, infrastructure and processes that enable this to occur, managed through the Quality Management System (QMS) and the Group being certified to:

- ISO 9001 Quality Management
- ISO 1401 Environmental Management
- ISO 27001 Information & Security management

The acquisition of Managed Networks with their long-standing IT credentials has further enhanced the Groups skills around GDPR and data protection including right to use data which with the continued move to Cloud Services becomes an ever more important aspect of commerce today.

The company also made significant progress in the period in addressing the technology risk around the need to evolve the Legacy portfolio of on-premise 'Products & Services' and transitioning these to new technologies around 'Cloud Services' through the addition of the Genesys cloud CCaaS Platform 'Pure Cloud'. The ability to continue this transition and attract and train sufficient resources with the requisites cloud skills is expected to remain a cornerstone to IPI's continued success in building our own Cloud Platform with our own IP propositions.

COVID-19

At the time of writing the report, the impact of COVID-19, both on our staff and our trading is under constant review. We have implemented various measures and initiatives in line with UK Government guidelines to help protect our staff, customers and partners and help contain the threat of spreading the virus. We expect that whilst the future landscape remains unclear there will be an impact to our non-recurring revenue streams associated to large project work. However, our recurring revenue streams constitute 85%+ of our total revenues and we anticipate that this will remain mostly unaffected as it is supporting critical services for our clients and is contracted income.

I.P. INTEGRATION GROUP LIMITED

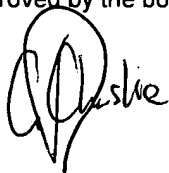
**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The withdrawal of the United Kingdom from the European Union

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. During this period, the trading relationship between the UK and the EU is expected to remain unchanged, however the terms of the future relationship between the UK and the EU from 1 January 2021 onwards are still unknown. At the date of this report it is therefore impossible to assess in detail the opportunities and threats that this future relationship could present. The directors are managing these risks by closely monitoring developments, and are confident that the company will be able to amend and modify its procedures to remain fully compliant with any future rules and regulations, and to maintain its standing and reputation in the marketplace throughout Europe and worldwide.

This report was approved by the board and signed on its behalf by:

G R Christie
Director



Date:

23/9/2020.

I.P. INTEGRATION GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors present their annual report and the audited consolidated financial statements of I.P. Integration Group Limited for the year ended 30 September 2019.

Principal activity

The principal activity of the group during the year under review was that of the sale and support of telephone systems and the provision of IT services.

Results and dividends

The loss for the year, after taxation, amounted to £839,040 (2018: loss of £298,600).

A dividend has been declared for 2019 of £92,785 (2018: £216,360)

Directors

The Directors who served during the year and up to the date of this report were:

D J Glasgow
B J Prentis
C M Prentis
Adventure Finance Limited
M A Ing (resigned 1 December 2019)
J D Little (resigned 31 July 2019)
A R Mills (resigned 1 December 2019)
G R Christie (appointed 6 December 2019)
L Fradin (appointed 6 December 2019)

Charitable donations

During the year the group made charitable contributions of £18,605 (2018: £11,826). This included £nil (2018: £8,676) to Co-Op Charity Auction, £nil (2018: £1,950) to Six Degrees of Hope Trip, £nil (2018: £1,000) to WeSeeHope, £10,570 (2018: £nil) to Restless Development, £7,500 (2018: £nil) to Move Mountains Foundation and £535 (2018: £200) to other charities.

Going concern

The directors consider that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Potential sources of uncertainty noted by the directors include the withdrawal of the United Kingdom from the European Union, and Coronavirus and the COVID-19 pandemic. Although at the date of this report it is not possible to reliably determine all the possible effects that these events will have on the company and group, the directors are satisfied that the company and group has sufficient financial resources and trading projections to allow it to continue as a going concern. Accordingly the directors have continued to prepare the financial statements on the going concern basis.

I.P. INTEGRATION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in 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 of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments

The company has made the significant transformation within the last 24 months from an organisation providing one off on-premises solutions with perpetual software licenses delivering 60% recurring revenues, to today, a cloud based services organisation providing Contact Centers as a Service (CCaaS) and Software as a Service (SaaS) with recurring revenues of +82%.

This transition from non-recurring to recurring revenue streams has impacted both top line and bottom line performance in the short term for FY18 and FY19 but now places IP Integration in an excellent position to exploit the continued move towards cloud based solutions and services.

At the time of writing this report the financial forecasts for FY20 show growth again for overall revenue and recurring revenues and approximately 70% growth for ebitda highlighting the success of this strategic move.

We are confident that even with the uncertainties surrounding both COVID-19 and Brexit that IPI group is well placed to thrive and to deliver 'Exceptional Customer Contact' for our customers whilst continuing to strive to be an exceptional place to work.

Qualifying third party indemnity provisions

The directors benefit from a qualifying indemnity provision in the form permitted by the Companies Act (Audit, Investigations and Community Enterprise) 2004 ("CAICE") new sections 309A, 309B and 309C in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year.

I.P. INTEGRATION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Director's Report have been omitted as they are included in the Strategic Report. These matters relate to the business review, principle risks and uncertainties and financial key performance indicators.

Disclosure of information to auditor

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

Post balance sheet events

Between the year end and the date of this report. Coronavirus and the COVID-19 pandemic emerged globally.

Micropoint Managed Services Limited CTI Labs Limited, I.P Integration Professional Services Limited and Integration Properties Limited, all 100% subsidiaries of the company, were dissolved on 22 October 2019.

Auditor

During the year Mazars LLP was appointed as auditor.

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:


G R Christie
Director

Date:

23/9/2020

I.P. INTEGRATION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I.P. INTEGRATION GROUP LIMITED

Opinion

We have audited the financial statements of I.P. Integration Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statement of Financial Position, Group Consolidated and Company Statement of Changes in Equity, the Group Consolidated Statement of Cash Flows 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 FRS 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 Group's and Company's affairs as at 30 September 2019 and of the Group's loss 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, the consideration in the going concern on page 16 and non-adjusting post balance sheet events on page 40.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

I.P. INTEGRATION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I.P. INTEGRATION GROUP LIMITED

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.

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.

Opinions 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- 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; 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.

I.P. INTEGRATION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I.P. INTEGRATION GROUP LIMITED

Responsibilities of 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, and for such internal control as the directors determine 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 directors are responsible for assessing the Group and parent 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 intend to liquidate the Group and parent 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. This description forms part of our auditor's report.

Use of the audit 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.



Mike Bailey (Senior statutory auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor, 6 Sutton Plaza
Sutton Court Road
Sutton
Surrey
SM1 4FS

Date: 23 SEPTEMBER 2020

I.P. INTEGRATION GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	20,832,749	20,362,144
Cost of sales		(9,135,673)	(9,477,389)
Gross profit		<u>11,697,076</u>	<u>10,884,755</u>
Administrative expenses		(11,769,366)	(10,586,654)
Exceptional administrative expenses	10	(725,755)	(541,731)
Operating loss	5	<u>(798,045)</u>	<u>(243,630)</u>
Interest payable and similar expenses	9	(138,863)	(22,647)
Loss before taxation		<u>(936,908)</u>	<u>(266,277)</u>
Tax on loss	11	97,868	(32,323)
Loss for the financial year		<u>(839,040)</u>	<u>(298,600)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(839,040)</u>	<u>(298,600)</u>

The consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 40 form part of these financial statements.

I.P. INTEGRATION GROUP LIMITED
REGISTERED NUMBER: 04211271

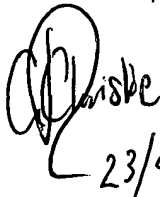
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	4,988,647	5,648,692
Tangible assets	15	920,743	603,303
		<u>5,909,390</u>	<u>6,251,995</u>
Current assets			
Stocks	17	516,676	613,073
Debtors: amounts falling due after more than one year	18	105,608	271,630
Debtors: amounts falling due within one year	18	6,255,384	8,485,811
Cash at bank and in hand	19	580,566	457,236
		<u>7,458,234</u>	<u>9,827,750</u>
Creditors: amounts falling due within one year	20	(10,004,079)	(11,983,032)
Net current liabilities		<u>(2,545,845)</u>	<u>(2,155,282)</u>
Total assets less current liabilities		<u>3,363,545</u>	<u>4,096,713</u>
Creditors: amounts falling due after more than one year	21	(2,051,993)	(1,893,350)
Deferred taxation	25	(40,014)	-
		<u>(40,014)</u>	<u>-</u>
Net assets		<u><u>1,271,538</u></u>	<u><u>2,203,363</u></u>
Capital and reserves			
Called up share capital	26	484,062	484,062
Capital redemption reserve	27	6,938	6,938
Profit and loss account	27	780,538	1,712,363
Shareholders' funds		<u><u>1,271,538</u></u>	<u><u>2,203,363</u></u>

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

G R Christie
Director

Date:


23/9/2020

The notes on pages 16 to 40 form part of these financial statements.

I.P. INTEGRATION GROUP LIMITED
REGISTERED NUMBER: 04211271

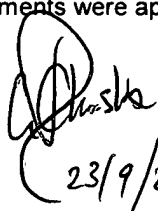
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note		2019 £	2018 £
Fixed assets				
Investments	16		86,685	86,685
			<u>86,685</u>	<u>86,685</u>
Current assets				
Debtors: amounts falling due within one year	18	404,246	404,246	
Cash at bank and in hand	19	74	74	
		<u>404,320</u>	<u>404,320</u>	
Creditors: amounts falling due within one year	20	(5)	(5)	
Net current assets			<u>404,315</u>	<u>404,315</u>
Total assets less current liabilities			<u>491,000</u>	<u>491,000</u>
Net assets			<u><u>491,000</u></u>	<u><u>491,000</u></u>
Capital and reserves				
Called up share capital	26		484,062	484,062
Capital redemption reserve	27		6,938	6,938
Profit and loss account	27		-	-
Shareholders' funds			<u><u>491,000</u></u>	<u><u>491,000</u></u>

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

G R Christie
Director

Date:


23/9/2020

The notes on pages 16 to 40 form part of these financial statements.

I.P. INTEGRATION GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 October 2017	491,000	-	2,227,323	2,718,323
Loss for the year	-	-	(298,600)	(298,600)
Total comprehensive income for the year	-	-	(298,600)	(298,600)
Dividends: Equity capital	-	-	(216,360)	(216,360)
Purchase of own shares	-	6,938	-	6,938
Shares cancelled during the year	(6,938)	-	-	(6,938)
At 1 October 2018	484,062	6,938	1,712,363	2,203,363
Loss for the year	-	-	(839,040)	(839,040)
Total comprehensive income for the year	-	-	(839,040)	(839,040)
Dividends: Equity capital	-	-	(92,785)	(92,785)
At 30 September 2019	484,062	6,938	780,538	1,271,538

The notes on pages 16 to 40 form part of these financial statements.

I.P. INTEGRATION GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2017	491,000	-	-	491,000
Profit for the year	-	-	216,360	216,360
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	216,360	216,360
Dividends: Equity capital	-	-	(216,360)	(216,360)
Purchase of own shares	-	6,938	-	6,938
Shares cancelled during the year	(6,938)	-	-	(6,938)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2018	484,062	6,938	-	491,000
Comprehensive income for the year				
Profit for the year	-	-	92,785	92,785
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	92,785	92,785
Dividends: Equity capital	-	-	(92,785)	(92,785)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	484,062	6,938	-	491,000
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 40 form part of these financial statements.

I.P. INTEGRATION GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	(936,908)	(266,277)
Adjustments for:		
Amortisation of intangible assets	661,926	-
Depreciation of tangible assets	283,758	426,080
Interest paid	138,863	22,647
Taxation charge	97,868	-
Decrease in stocks	96,398	6,112
Decrease/(increase) in debtors	2,396,449	(51,625)
(Decrease)/increase in creditors	(1,719,467)	1,033,043
Increase in deferred tax	40,014	-
Net cash generated from operating activities	1,058,901	1,169,980
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,881)	(170,843)
Purchase of tangible fixed assets	(601,199)	(167,792)
Purchase of subsidiary undertakings	-	(3,661,398)
Net cash from investing activities	(603,080)	(4,000,033)
Cash flows from financing activities		
Equity dividends paid	(92,785)	(216,360)
Interest paid	(138,863)	(22,647)
Bank loans movement	(100,000)	2,250,000
Amounts introduced by directors	-	1,636
Cash acquired from subsidiaries	-	285,361
Amounts paid to participating interests	-	(15,810)
Net cash used in financing activities	(331,648)	2,282,180
Net increase/(decrease) in cash and cash equivalents	124,173	(547,873)
Cash and cash equivalents at beginning of year	456,393	1,004,266
Cash at bank and in hand	580,566	456,393

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

I.P. Integration Group Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Integration House, Turnhams Green Business Park, Reading, Berkshire, RG31 4UH.

The principal activity of the Company and its subsidiaries during the year under review was that of the sale and support of telephone systems and the provision of IT services.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors consider that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Potential sources of uncertainty noted by the directors include the withdrawal of the United Kingdom from the European Union, and Coronavirus and the COVID-19 pandemic. Although at the date of this report it is not possible to reliably determine all the possible effects that these events will have on the company and group, the directors are satisfied that the company and group has sufficient financial resources and trading projections to allow it to continue as a going concern. Accordingly the directors have continued to prepare the financial statements on the going concern basis.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.4 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 Consolidated 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 Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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 Group 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.

2.6 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the Consolidated 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.

2.9 Borrowing costs

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

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Goodwill arising in connection with the investment in subsidiary companies is being amortised on a straight line basis over 10 years, from the date the company adopted FRS102 (if applicable), where considered material.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill with investment in subsidiary companies	-	10	years straight line basis
Internally generated Intangible asset	-	5	years

2.13 Tangible fixed assets

Tangible fixed 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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:

Improvements to property	- Straight line over the life of the lease
Plant and machinery	- 5-6 years straight line
Fixtures and fittings	- 5-6 years straight line
Computer equipment	- 5 years straight line

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 Consolidated Statement of Comprehensive Income.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 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 weighted average basis.

At each reporting 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.

2.17 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.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.18 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 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.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.21 Financial instruments

The Group only enters into basic financial instrument 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-puttable 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 debtors and creditors, 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 the 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.22 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

3.1 Critical judgements in applying the company's accounting policies

The critical judgements that the director has made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the director has considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of debtors

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

(ii) Determining residual values and useful economic lives of tangible fixed assets

The company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on variety of factors, including technological innovation, product life cycles and maintenance programs.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Provision of services	17,842,610	14,034,729
Sale of hardware and software	2,990,139	6,327,415
	<u>20,832,749</u>	<u>20,362,144</u>

An analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	19,108,524	18,622,914
Rest of Europe	871,224	877,505
Rest of the world	853,001	861,725
	<u>20,832,749</u>	<u>20,362,144</u>

5. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation - owned assets	283,758	273,908
Other operating lease rentals	373,507	240,446
Goodwill amortisation	603,476	261,648
Licenses, trademarks and similar rights and assets amortisation	7,317	7,398
Development costs amortisation	51,133	50,877
Foreign exchange differences	96,647	(32,388)
	<u> </u>	<u> </u>

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	34,000	22,000
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	8,400	1,585
Other non-audit services	8,250	3,254
	16,650	4,839

7. Employees

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

	Group 2019 £	Group 2018 £
Wages and salaries	8,342,023	7,502,155
Social security costs	840,960	714,670
Cost of defined contribution scheme	174,883	127,996
	9,357,866	8,344,821

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

	2019 No.	2018 No.
Management	6	5
Administration	16	15
Sales	23	19
Service and operations	74	74
Development	8	9
	127	122

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' remuneration	278,147	357,364
Directors' pension contributions to money purchase schemes	3,366	6,730
	<u>281,513</u>	<u>364,094</u>

During the year retirement benefits were accruing to 1 (2018: 2) directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £145,911 (2018: £113,720).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,366 (2018: £1,530).

9. Interest payable and similar expenses

	2019 £	2018 £
Bank loan interest	110,003	22,647
Other loan interest payable	<u>28,860</u>	<u>-</u>

10. Exceptional items

	2019 £	2018 £
Costs of fundamental reorganisation and other one-off costs	217,618	252,649
Costs in connection with the acquisition of subsidiary undertakings and new areas of operation	<u>508,137</u>	<u>289,082</u>
	<u>725,755</u>	<u>541,731</u>

During the year the company incurred professional fees and other costs connected to the acquisition of new subsidiary companies, a number of one-off costs regarding specific projects and internal restructuring.

I.P. INTEGRATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

11. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	186,905	32,323
Adjustments in respect of previous periods	(324,787)	-
	<u>(137,882)</u>	<u>32,323</u>
Total current tax	<u>(137,882)</u>	<u>32,323</u>
Deferred tax		
Origination and reversal of timing differences	40,014	-
Total deferred tax	<u>40,014</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(97,868)</u>	<u>32,323</u>

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(936,908)	(266,277)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(178,013)	(50,593)
Effects of:		
Expenses not deductible for tax purposes	552,347	9,945
Capital allowances for year in excess of depreciation	11,263	57,020
Other permanent differences	3,189	-
Enhanced research and development deduction	(137,111)	(138,427)
Adjustments to tax charge in respect of prior periods	(324,787)	(223,178)
Surrender of tax losses for research and development	36,999	-
Exempt distribution income	(131,479)	-
Adjust closing deferred tax to average rate of 19.00%	64,166	-
Adjust opening deferred tax to average rate of 19.00%	(71,537)	-
Other tax adjustments	(20,202)	-
Losses available to be carried forward	120,533	377,556
Deferred tax not recognised	(23,236)	-
Total tax charge for the year	(97,868)	32,323

Factors that may affect future tax charges

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. This provision was substantially enacted on 17 March 2020, after the end of the accounting period, and so deferred tax closing balances have been calculated at 17%.

12. Dividends

	2019 £	2018 £
Ordinary shares - Interim dividend	92,785	187,500
Preference shares - Final dividend	-	28,860
	92,785	216,360

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income. The profit of the Company for the year was £92,785 (2018: profit of £216,360).

14. Intangible assets

Group

	Goodwill £	Licenses, trade marks and similar rights £	Development costs £	Total £
Cost				
At 1 October 2018	6,690,243	37,874	376,781	7,104,898
Additions	-	-	1,881	1,881
At 30 September 2019	6,690,243	37,874	378,662	7,106,779
Amortisation				
At 1 October 2018	1,383,872	11,813	60,521	1,456,206
Charge for the year	603,476	7,317	51,133	661,926
At 30 September 2019	1,987,348	19,130	111,654	2,118,132
Net book value				
At 30 September 2019	4,702,895	18,744	267,008	4,988,647
At 30 September 2018	5,306,371	26,061	316,260	5,648,692

The Company has no intangible assets.

I.P. INTEGRATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Tangible fixed assets

Group

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 October 2018	106,327	13,492	1,123,510	319,519	1,562,848
Additions	-	-	531,433	69,766	601,199
Disposals	-	-	(288,215)	-	(288,215)
Transfers between classes	(106,327)	-	106,327	-	-
At 30 September 2019	-	13,492	1,473,055	389,285	1,875,832
Depreciation					
At 1 October 2018	-	8,964	814,291	136,291	959,546
Charge for the year	-	2,700	214,039	67,019	283,758
Disposals	-	-	(288,215)	-	(288,215)
At 30 September 2019	-	11,664	740,115	203,310	955,089
Net book value					
At 30 September 2019	-	1,828	732,940	185,975	920,743
At 30 September 2018	106,327	4,528	309,219	183,228	603,302

The Company has no tangible fixed assets.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Furniture, fittings and equipment	313,673	43,930
	<u>313,673</u>	<u>43,930</u>

I.P. INTEGRATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 October 2018	86,685
At 30 September 2019	<u>86,685</u>
Net book value	
At 30 September 2019	<u>86,685</u>
At 30 September 2018	<u>86,685</u>

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Integration Properties Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Dormant	ordinary	100%
CTI Labs Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Dormant	ordinary	100%
I P Integration Professional Services Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Dormant	ordinary	100%
I P Professional Services Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Support of telephone systems	ordinary	100%
Micropoint Managed Services Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Dormant	ordinary	100%
Acenseo Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Dormant	ordinary	100%
Managed Networks Limited	2nd Floor 197 City Road, London, England, EC1V 1JN	Supplying computer hardware, software and computer consultancy services	ordinary	100%
*Rapidly MN Holdco Limited	Unit 4, Turnhams Green, Pincent's Lane, Reading, United Kingdom, RG31 4UH	Dormant	ordinary	100%
I.P. Integration Limited	Integration House Turnhams Green Business Park, Pincent's Lane, Calcot, Reading, Berkshire, RG31 4UH	Sale and support of telephone systems	ordinary	100%

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

* for the year ended 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

I.P. Integration Group Limited has provided a guarantee to its UK subsidiary (Rapidly MN Holdco Limited), under section 479C of the UK Companies Act 2006. This guarantee is relevant to the liabilities of the UK subsidiary and it is the belief of the Directors that there is a low probability of the guarantee being used.

The aggregate of the share capital and reserves as at 30 September 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£	£
Integration Properties Limited	1	-
CTI Labs Limited	1	-
I P Integration Professional Services Limited	1	-
I P Professional Services Limited	(1,979,232)	-
Micropoint Managed Services Limited	1,000	-
Acenseo Limited	10,100	-
Managed Networks Limited	372,868	499,703
*Rapidly MN Holdco Limited	4,000	-
I.P. Integration Limited	2,045,426	148,011

17. Stocks

	Group 2019 £	Group 2018 £
Finished goods and goods for resale	516,676	613,073
	<u>516,676</u>	<u>613,073</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

18. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Prepayments and accrued income	105,608	271,630	-	-
	<u>105,608</u>	<u>271,630</u>	<u>-</u>	<u>-</u>
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within one year				
Trade debtors	3,009,769	5,800,786	-	-
Amounts owed by group undertakings	-	-	394,246	394,246
Other debtors	678,756	116,067	-	-
Called up share capital not paid	10,000	10,000	10,000	10,000
Prepayments and accrued income	2,556,859	2,558,958	-	-
	<u>6,255,384</u>	<u>8,485,811</u>	<u>404,246</u>	<u>404,246</u>

All amounts owed by group undertaking are unsecured, interest free and repayable on demand.

19. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	580,566	457,236	74	74
Less: bank overdrafts	-	(843)	-	-
	<u>580,566</u>	<u>456,393</u>	<u>74</u>	<u>74</u>

I.P. INTEGRATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

20. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	-	843	-	-
Bank loans	600,000	600,000	-	-
Payments received on account	-	574,593	-	-
Trade creditors	2,654,469	3,350,642	-	-
Amounts owed to group undertakings	-	-	3	3
Corporation tax	-	116,803	-	-
Other taxation and social security	695,882	929,717	-	-
Obligations under finance lease and hire purchase contracts	111,811	26,572	-	-
Other creditors	79,086	66,486	2	2
Accruals and deferred income	5,862,831	6,317,376	-	-
	<u>10,004,079</u>	<u>11,983,032</u>	<u>5</u>	<u>5</u>

21. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £
Bank loans	1,550,000	1,650,000
Net obligations under finance leases and hire purchase contracts	209,491	5,265
Trade creditors	130,126	-
Accruals and deferred income	162,376	238,085
	<u>2,051,993</u>	<u>1,893,350</u>

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

22. Loans

An analysis of the maturity of loans is given below:

	Group 2019 £	Group 2018 £
Amounts falling due within one year		
Bank loans	600,000	600,000
	<u>600,000</u>	<u>600,000</u>
Amounts falling due 2-5 years		
Bank loans	1,550,000	1,650,000
	<u>1,550,000</u>	<u>1,650,000</u>
	<u>2,150,000</u>	<u>2,250,000</u>

23. Secured debts

The bank loans are secured by way of fixed and floating charges over the whole of the property, assets and rights (including uncalled capital) of the Company.

Deferred consideration of £574,593 included within accruals and deferred income in the comparative period, relates to amounts due to be paid to the previous owner of the subsidiary company acquired during the prior year. This is secured by way of a fixed and floating charge over the whole of the property, assets and rights (including uncalled capital) of the Company. This debt was repaid by 31st December 2018.

24. Financial instruments

	Group 2019 £	Company 2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>3,667,378</u>	<u>5,916,853</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,142,228)</u>	<u>(5,689,012)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, obligations under finance lease and hire purchase contracts, other creditors and accruals.

I.P. INTEGRATION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Deferred taxation

Group

	2019 £
Charged to profit or loss	(40,014)
At end of year	<u>(40,014)</u>
	Group 2019 £
Fixed asset timing differences	(41,230)
Short term timing differences	1,216
	<u>(40,014)</u>

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

26. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
87,314 (2018: 87,300) Ordinary shares of £0.01 each	873	873
481,000 (2018: 481,000) Preference shares of £1.00 each	481,000	481,000
5,000 (2018: 5,000) A1 Ordinary shares of £0.10 each	500	500
5,000 (2018: 5,000) A2 Ordinary shares of £0.10 each	500	500
5,000 (2018: 5,000) B1 Ordinary shares of £0.10 each	500	500
5,000 (2018: 5,000) B2 Ordinary shares of £0.10 each	500	500
18,880 (2018: 18,880) C Ordinary shares of £0.01 each	189	189
	<hr/>	<hr/>
	484,062	484,062
	<hr/>	<hr/>

The Ordinary share capital class holds, collectively the right to 90% of the total voting rights of all issued share capital. Each ordinary share carries the right to a single vote and a right to a pro rata share in any declared dividend.

The preference share capital class do not hold any voting rights, but are entitled annually to a fixed, non cumulative dividend at a rate of 6% of their redemption value.

Each A1 and A2 share capital class holds, collectively the right to 5% of the total voting rights of all issued share capital at any time, with such rights being exercised by a majority. Each ordinary share carries the right to a single vote and no right to an annual dividend.

Each B1, B2 and C share capital class has no voting rights. Each share carries the right to a single vote and no right to an annual dividend.

27. Reserves

Capital redemption reserve

This reserve represents non distributable amounts resulting from the company's purchase of its own shares.

Profit and loss account

This reserve represents the cumulative profits and losses.

28. Pension commitments

The company operates a defined contribution 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 £174,883 (2018: £167,774).

Contributions totaling £43,607 (2018: £30,896) were payable to the fund at the reporting date and are included in creditors.

I.P. INTEGRATION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

29. Commitments under operating leases

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	392,650	418,507
Later than 1 year and not later than 5 years	1,437,487	1,116,817
Later than 5 years	933,430	1,171,337
	<u>2,763,567</u>	<u>2,706,661</u>

30. Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

31. Post balance sheet events

Between the year end and the date of this report. Coronavirus and the COVID-19 pandemic emerged globally.

Micropoint Managed Services Limited CTI Labs Limited, I.P Integration Professional Services Limited and Integration Properties Limited, all 100% subsidiaries of the company, were dissolved on 22 October 2019.

32. Controlling party

The ultimate controlling party is Mr B.J. Prentis by virtue of his beneficial shareholding in I.P. Integration Group Limited, the ultimate parent company of the Group.