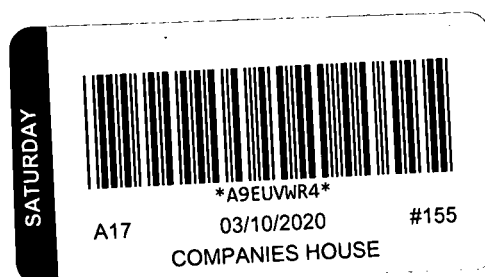


INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED

Directors' Report and Financial Statements

for the Year ended 31 December 2019

Registration number: 03127766



Integrated Computing & Office Networking Limited
Directors' Report and Financial Statements

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Integrated Computing & Office Networking Limited
Officers and Advisers

Directors

J Hunter
L Batchelor

Registered office

Parkway House
Pegasus Way
Haddenham Business Park
Haddenham
HP17 8LJ

Bankers

Barclays Bank plc

Auditor

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

Integrated Computing & Office Networking Limited
Directors' Report for the year ended 31 December 2019

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

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

Results and dividend

The profit for the year after taxation was £315,316 (2018: £312,220). An ordinary dividend of £185,000 (2018: £186,000) was paid during the period.

Capital and financing

The company is party to the Group's banking facilities that comprise the following:

- a £8.0m, 5 year term loan of which £6.0m was outstanding at 31 December 2019 carrying a fixed interest rate of 3.768%.
 - a £1.0m overdraft carrying an interest rate of 2.75% over base rate.
- The security provided to the bank for the provision of these facilities is a commitment of the shares of the operating companies.

Future outlook

Both the level of business and the year end financial position were satisfactory. The Eleco Group manages its operations on a Group wide basis. For this reason, the directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance, or position of the business. The performance of the Eleco Group, which includes the Company, is reviewed in the Strategic Report on pages 2 to 13 of the Group's Annual Report and Accounts, which does not form part of this Report.

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- UK Accounting Standards have been followed, including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland", subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

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

Integrated Computing & Office Networking Limited
Directors' Report for the year ended 31 December 2019

.....continued

Principal activities

The principal activities of the company during the year continued to be that of computer systems, programming, software development and data management.

The Directors

The directors who served the company during year are shown below:

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

J Hunter

L Batchelor

Directors' indemnities

The company is covered by Directors & Officers Liability insurance arrangements maintained by its ultimate parent company.

BY ORDER OF THE BOARD

Parkway House
Pegasus Way
Haddenham Business Park
Haddenham
HP17 8LJ



30 September 2020

J Hunter

Independent auditor's report to the members of
Integrated Computing & Office Networking Limited (company number 03127766) (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

Independent auditor's report to the members of
Integrated Computing & Office Networking Limited (company number 03127766) (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small company exemptions in preparing the directors report and from the requirement to prepare a Strategic Report.

Responsibilities of director for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

30 September 2020

Independent auditor's report to the members of
Integrated Computing & Office Networking Limited (company number 03127766) (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small company exemptions in preparing the directors report and from the requirement to prepare a Strategic Report.

Responsibilities of director for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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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.

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

____ September 2020

Integrated Computing & Office Networking Limited

Profit and Loss Account for the year ended 31 December 2019

		2019	2018
	Notes	£	£
Turnover	2	1,130,087	1,033,361
Cost of sales		(348,737)	(351,701)
Gross profit		<u>781,350</u>	<u>681,660</u>
Administrative and selling expenses		(461,367)	(364,494)
Operating profit	6	<u>319,983</u>	<u>317,166</u>
Interest receivable	5	6,617	5,564
Profit before taxation		<u>326,600</u>	<u>322,730</u>
Tax on profit	7	(11,284)	(10,510)
Profit after taxation		<u><u>315,316</u></u>	<u><u>312,220</u></u>

All of the Company's operations are continuing.

The accounting policies and notes on pages 11 to 17 form an integral part of these financial statements

Integrated Computing & Office Networking Limited**Statement of Comprehensive Income****For the year ended 31 December 2019**

	2019 £	2018 £
Profit for the period	315,316	312,220
Total comprehensive income for the period	<u>315,316</u>	<u>312,220</u>
Attributable to:		
Equity holders of the parent	<u>315,316</u>	<u>312,220</u>

The accounting policies and notes on pages 11 to 17 form an integral part of these financial statements

Integrated Computing & Office Networking Limited

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

	Share capital £	Capital redemption reserve	Other reserves	Profit and loss account £	Total £
At 1 January 2019 (restated)	5,000	5,000	5,892	609,190	625,082
Profit for the period	-	-	-	315,316	315,316
Total comprehensive income for the period	-	-	-	315,316	315,316
Share-based payments	-	-	9,687	-	9,687
Dividend	-	-	-	(185,000)	(185,000)
At 31 December 2019	5,000	5,000	15,579	739,506	765,085

	Share capital £	Capital redemption reserve	Other reserves	Profit and loss account £	Total £
At 1 January 2018 (restated)	5,000	5,000	-	482,970	492,970
Profit for the period	-	-	-	312,220	312,220
Total comprehensive income for the period	-	-	-	312,220	312,220
Share-based payments	-	-	5,892	-	5,892
Dividend	-	-	-	(186,000)	(186,000)
At 31 December 2018 (restated)	5,000	5,000	5,892	609,190	625,082

The accounting policies and notes on pages 11 to 17 form an integral part of these financial statements

Integrated Computing & Office Networking Limited**Balance Sheet as at 31st December 2019**

		2019		2018 (restated)	
	NOTES	£	£	£	£
FIXED ASSETS					
Tangible assets	8		33,038		18,190
			33,038		18,190
CURRENT ASSETS					
Debtors	9	718,121		569,552	
Cash at bank and in hand		364,612		307,194	
		1,082,733		876,746	
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(348,937)		(269,389)	
NET CURRENT ASSETS			733,796		607,357
TOTAL ASSETS LESS CURRENT LIABILITIES			766,834		625,547
PROVISIONS FOR LIABILITIES AND CHARGES	11		(1,749)		(465)
NET ASSETS			765,085		625,082
CAPITAL AND RESERVES					
Called up share capital	12		5,000		5,000
Capital redemption reserve	13		5,000		5,000
Other reserves	13		15,579		5,892
Profit and loss account	13		739,506		609,190
SHAREHOLDERS' EQUITY			765,085		625,082

The accompanying accounting policies and notes on pages 11 to 17 form part of these financial statements.

The financial statements were approved by the Board of Directors on 30 September 2020, and signed on its behalf by:



J Hunter
Company Number: 03127766

INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED
Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

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

A summary of accounting policies, which have been applied consistently, is set out below:

Going concern

The Directors continue to adopt the going concern basis of accounting in the preparation of the annual financial statements. When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern, the Company shall disclose those uncertainties.

Basis of preparation

The company is incorporated in the UK and its registered office is at Parkway House, Pegasus Way, Haddenham Business Park, Haddenham, HP17 8LJ. The financial statements are prepared in accordance with the historical cost convention and are presented in pounds sterling. The Company has adopted the following disclosure exemptions under FRS 102 as the parent company consolidated financial statements are publicly available:

- requirement to present a statement of cash flows and related notes.
- financial instrument disclosures.
- key management remuneration disclosure.
- share-based payments disclosure.

The Company is monitoring the potential impact of Coronavirus in the markets that we serve on a continuing basis. Further details of how this is monitored for the Eleco Group, which includes the Company, is contained in Significant Accounting Policies on page 38 of the Group's Annual Report and Accounts, which does not form part of this Report.

Significant accounting judgements and estimates

Application of the Company's accounting policies in conformity with generally accepted accounting principles requires judgements and estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. These judgements and estimates may be affected by subsequent events or actions such that actual results may ultimately differ from the estimates.

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

Revenue recognition

Contracts with clients can include both the sale of licences and the provision of services including maintenance and support. The Directors apply appropriate judgement in recognition of the separable components of revenue based on the analysis of individual contracts as this indicates the substance of the transaction as viewed by the client. The transfer of the risks and rewards of ownership for a licence is usually on delivery and written or contractual acceptance of the software provided the contract is non-cancellable.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and after adjusting for income in advance. Sales are recognised at the point which the company has fulfilled its contractual obligations to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost, less their estimated residual value, over their expected useful life as follows:

Fixtures, fittings and equipment	25% straight line
----------------------------------	-------------------

Operating leases

Amounts payable under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED
Notes to the financial statements for the year ended 31 December 2019

.....continued

1 Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain/loss in the profit and loss account.

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date will result in an obligation to pay more tax or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiary undertakings only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development

Software development expenditure is charged to the profit and loss account in the period in which it is incurred.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

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.

Creditors

Short term trade 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.

Share-based payments

The Company issues share options to employees from time to time. The equity-settled, share-based payment awards are valued at fair value at inception and this cost is recognised over the option vesting period. The Board has used a Black-Scholes model to estimate the fair value of the options. Various assumptions affect the value of the options and the Board has considered these assumptions in order to derive an appropriate charge for the cost of the options. The key assumptions used to derive the charge include the probability of performance achievement and the expected future dividend yield of the shares.

INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED
Notes to the financial statements for the year ended 31 December 2019

.....continued

2 Turnover

All revenue arises from the rendering of services.

3 Directors' emoluments

The directors' emoluments for the period are as follows:

	2019 £	2018 £
Directors' pension contributions	1,663	1,100
Directors' emoluments (including benefits in kind)	<u>68,500</u>	<u>71,562</u>
	<u>70,163</u>	<u>72,662</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows:

	2019 Nº	2018 Nº
Money purchase	<u>1</u>	<u>2</u>

4 Employees (including directors)

	2019 Nº	2018 Nº
Development and customer services	10	12
Sales and marketing	2	2
Management & administration	<u>3</u>	<u>2</u>
	<u>15</u>	<u>16</u>

Staff costs during the period amounted to:-

	2019 £	2018 £
Wages and salaries	476,907	413,096
Social security cost	45,823	33,483
Other pension cost	9,751	5,856
Share-based payments	<u>9,687</u>	<u>5,892</u>
	<u>542,168</u>	<u>458,327</u>

5 Interest

	2019 £	2018 £
Interest receivable	6,617	5,564
Group loan interest	<u>6,617</u>	<u>5,564</u>

INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED
Notes to the financial statements for the year ended 31 December 2019

.....continued

6 Operating profit		
Operating profit is stated after charging:	2019	2018
	£	£
Depreciation of tangible fixed assets	11,939	11,206
<i>Fees payable to company auditors:</i>		
For the audit of the company	6,180	6,423
Operating leases - other assets	4,223	8,365
Research and development	10,287	38,144
Pension costs	9,751	5,856
	<u>11,939</u>	<u>11,206</u>
7 Tax on profit		
a) Tax on profit	2019	2018
	£	£
Current tax:		
UK current tax on profits for the period	9,999	9,999
Adjustments in respect of previous years	1	156
Total current tax	<u>10,000</u>	<u>10,155</u>
Deferred tax:		
Origination and reversal of temporary differences	1,284	(140)
Adjustments in respect of previous years	-	495
Total deferred tax	<u>1,284</u>	<u>355</u>
Tax charge on profit	<u>11,284</u>	<u>10,510</u>

b) Factors affecting tax charge for period

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

	2019	2018
	£	£
Profit before tax	326,600	322,730
Profit multiplied by the average standard rate of corporation tax of 19.00% (2018: 19.00%)	62,054	61,319
Effects of:		
Expenses not deductible for tax purposes	4,376	1,680
Research and development tax relief	(2,541)	(9,421)
Tax rate differences	(151)	-
Group relief	(52,455)	(43,735)
Prior year adjustments	1	651
Short Term timing differences	-	16
Total tax charge for the year	<u>11,284</u>	<u>10,510</u>

c) Factors that may affect future tax charges

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

INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED
Notes to the financial statements for the year ended 31 December 2019

.....continued

8 Tangible fixed assets

	Fixtures, fittings & office equipment £
Cost:	
At 1 January 2019	98,339
Additions	26,787
At 31 December 2019	<u>125,126</u>
Accumulated depreciation:	
At 1 January 2019	80,149
Charge for the period	11,939
At 31 December 2019	<u>92,088</u>
Net book value at 31 December 2019	<u>33,038</u>
Net book value at 31 December 2018	<u>18,190</u>

9 Debtors

	2019 £	2018 (restated) £
Due within one year:		
Trade debtors	231,139	100,180
Amount owed by parent undertaking	473,600	458,600
Other debtors	6,618	5,564
Prepayments and accrued income	6,764	5,208
	<u>718,121</u>	<u>569,552</u>

10 Creditors: Amounts falling due within one year

	2019 £	2018 (restated) £
Trade creditors	539	4,327
Amount owed to parent undertaking	2,827	4,353
Amounts owed to group undertakings	6,610	-
Other taxes and social security costs	60,459	39,757
Other creditors	44,336	43,811
Accruals and deferred income	206,161	149,136
Corporation tax	28,005	28,005
	<u>348,937</u>	<u>269,389</u>

INTEGRATED COMPUTING & OFFICE NETWORKING LIMITED
Notes to the financial statements for the year ended 31 December 2019

.....continued

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax (see below) £
At 1 January 2019	465
Utilised	1,284
At 31 December 2019	<u>1,749</u>

Deferred taxation

The total tax deferred to date based on a corporation tax rate of 19.00% (2018: 19.25%) comprises:-

	2019 £	2018 £
Accelerated relief on capital expenditure	<u>1,749</u>	<u>465</u>
	<u>1,749</u>	<u>465</u>

12 Share capital

	2019 £	2018 £
Allotted, called up and fully paid: 5,000 Ordinary A shares of £1 each	<u>5,000</u>	<u>5,000</u>

13 Reserves

	Capital redemption reserve £	Other reserves £	Profit and loss account £
Balance at 1 January 2019 (restated)	5,000	5,892	609,190
Share-based payments	-	9,687	-
Profit for the year	-	-	315,316
Dividends	-	-	(185,000)
Balance at 31 December 2019	<u>5,000</u>	<u>15,579</u>	<u>739,506</u>

The brought forward profit and loss account reserves were restated by £58,201 and related to correcting prior period errors resulting from the acquisition of the company by Eleco plc in October 2016. The Balance Sheet items affected are other creditors and corporation tax (note 11). Further details are disclosed in note 20.

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the company's own shares.

Other reserves represents the share-based payments reserve.

The profit and loss account includes all current and prior period retained profit or losses.

14 Leasing commitments

	2019 £	2018 £
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Within one year	4,223	4,223
Between 2 and 5 years inclusive	<u>3,871</u>	<u>7,743</u>
	<u>8,094</u>	<u>11,966</u>

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.....continued

15 Ultimate parent company

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

16 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.

17 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £9,751 (2018: £5,856).

There were no outstanding or prepaid contributions at either the beginning or end of the year ended 31 December 2019.

18 Banking arrangements

The company operates under the banking facilities arranged by the Group. The bank holds a commitment over the shares of the company. In addition to this, security provided to the bank for the provision of the Group's banking facilities is a cross guarantee and debenture between the company and the parent company, Eleco plc. Further details of the Groups', and its subsidiaries', banking arrangements are contained in the Directors report on page 2.

19 Post-balance sheet events

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

20 Prior period adjustments

In the current year, brought forward retained earnings were restated by £58,201. Meanwhile, corporation tax was adjusted by £18,006 and other creditors by £40,195.

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

	Year ended 31 December 2018	Prior period adjustment	Year ended 31 December 2018 (restated)
	£	£	£
Retained Earnings	667,391	(58,201)	609,190
Creditors: Corporation tax	9,999	18,006	28,005
Creditors: Other creditors	3,616	40,195	43,811

The adjustment to corporation tax is in respect of reversal of prior period research and development tax credits. Other creditors were adjusted in respect of prior period deferred revenue corrections resulting from the acquisition of the company by Eleco plc in October 2016.

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