

Company Registration No. 03179588 (England and Wales)

EUROSIMM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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EUROSIMM LIMITED

COMPANY INFORMATION

Directors	J Newman A Levene C J Perry (Appointed 1 May 2017)
Company number	03179588
Registered office	P16 Parklands Heywood Distribution Park Heywood Lancs OL10 2TT
Auditors	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Business address	P16 Parklands Heywood Distribution Park Heywood Lancs OL10 2TT
Bankers	HSBC Bank PLC 4 Hardman Square Spinningfields Manchester M3 3EB

EUROSIMM LIMITED

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EUROSIMM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

Management's objectives are to:

- Meet budget and key performance indicators for the year;
- Source quality IT products and sell competitively;
- Maintain exceptional customer service.
- Manage financial and operational risks

The management team have in place a number of key performance indicators, both financial and operational, to guide the business to meet our objectives.

Business review

Eurosim Limited after years of steady growth has consolidated its position during 2016 as a leading international supplier of IT hardware and peripheral IT products. Focusing on sourcing at the best price to then supply customers highly competitively priced quality products. While managing costs and currency risk Eurosim has delivered a profit after tax of £2,182,417 (PY £1,081,207).

Financial performance

The directors have determined that the following financial key performance indicators (KPIs) based on continuing activities, are the most effective measure of progress towards achieving the company's objectives:

	2016	2015
Turnover	£58,820,739	£46,537,628
Operating profit	£2,743,380	£1,353,958
EBITDA	£2,792,233	£1,439,645

Risk management

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Business performance risk

Business performance risk is the risk that the company may not perform as expected either due to internal factors or due to competitive pressures in the market in which they operate. This risk is managed through a number of measures: ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting; currency and cash management.

Business continuity risk

Business continuity risk planning is regarded with significant importance to the managers and directors. A plan has been drawn up to ensure purchasing, sales, storage and onward supply can be met in the event of a significant negative impact on the business.

Health and safety risk

The company is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are managed by the company through: the strong promotion of a health and safety culture; and well defined health and safety policies.

EUROSIMM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Long term growth of the business depends on the company's ability to retain and attract personnel of high quality. This risk is managed through development plans which are regularly reviewed and updated. These are accompanied by specific policies in areas such as training, management development and performance management.

Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the company relies for day-to-day operations, external reporting and for longer term planning. The company exercises financial and business control through a combination of: qualified and experienced financial teams; performance analysis; budgeting and cash flow forecasting; and clearly defined approval limits. The external auditors provide advice on specific accounting and tax issues as they arise.

Social, ethical and environmental risk

Due to the company's nature and size no significant social, ethical or environmental risks have been identified by the management.

Credit Risk

Credit risk arises principally from UK and international customers. Company policy is aimed at minimising such risk and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

Liquidity risk

Expenditure is approved at board level and flexibility is maintained by retaining surplus cash in a readily accessible bank account.

On behalf of the board


.....
J Newman

Director

10/7/17
.....

EUROSIMM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and financial statements for year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of the supply of IT products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Newman

J Kellington

(Resigned 17 March 2017)

A Levene

C.J Perry

(Appointed 1 May 2017)

Results and dividends

The results for the year are set out on page 8.

A final ordinary dividend was paid, amounting to £853,048.

Financial instruments

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its trading activities. The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Future developments

We continue to source additional suppliers from the UK and Europe, and have various alternative product distribution opportunities to explore in 2017. Staff development and recruitment are a priority to support growth in the future.

EUROSIMM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 law). 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 of the 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 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;
- 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.

EUROSIMM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. thus they continue to adopt the going concern basis in preparing the annual financial statements.

On behalf of the board



.....
J Newman

Director

10/7/17

EUROSIMM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROSIMM LIMITED

We have audited the financial statements of Eurosimm Limited for the year ended 31 December 2016 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

EUROSIMM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EUROSIMM LIMITED

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report and the Directors' Report.

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, 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.


Mark Robertson (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

Chartered Accountants
Statutory Auditor

11/7/17

St James Building
79 Oxford Street
Manchester
M1 6HT

EUROSIMM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	58,820,739	46,537,628
Cost of sales		(51,593,306)	(40,569,258)
Gross profit		7,227,433	5,968,370
Distribution costs		(581,772)	(497,319)
Administrative expenses		(4,166,403)	(4,117,093)
Other operating income		264,122	-
Operating profit	4	2,743,380	1,353,958
Interest receivable and similar income	7	57	-
Interest payable and similar expenses	8	(2,966)	-
Profit before taxation		2,740,471	1,353,958
Taxation	9	(558,054)	(272,751)
Profit for the financial year		2,182,417	1,081,207

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EUROSIMM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	11	77,768		70,840	
Tangible assets	12	406,928		496,481	
		<u>484,696</u>		<u>567,321</u>	
Current assets					
Stocks	13	5,274,879		3,785,640	
Debtors	14	13,558,550		11,537,389	
Cash at bank and in hand		109,261		397,207	
		<u>18,942,690</u>		<u>15,720,236</u>	
Creditors: amounts falling due within one year	15	<u>(9,765,292)</u>		<u>(7,925,083)</u>	
Net current assets		<u>9,177,398</u>		<u>7,795,153</u>	
Total assets less current liabilities		<u>9,662,094</u>		<u>8,362,474</u>	
Provisions for liabilities	16	<u>(41,072)</u>		<u>(70,821)</u>	
Net assets		<u><u>9,621,022</u></u>		<u><u>8,291,653</u></u>	
Capital and reserves					
Called up share capital	19	7,666		7,666	
Share premium account	20	245,754		245,754	
Profit and loss reserves	20	9,367,602		8,038,233	
Total equity		<u><u>9,621,022</u></u>		<u><u>8,291,653</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 10/7/17 and are signed on its behalf by:


J Newman
Director

Company Registration No. 03179588

EUROSIMM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2015		7,666	245,754	7,787,752	8,041,172
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	1,081,207	1,081,207
Dividends	10	-	-	(830,726)	(830,726)
Balance at 31 December 2015		7,666	245,754	8,038,233	8,291,653
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	2,182,417	2,182,417
Dividends	10	-	-	(853,048)	(853,048)
Balance at 31 December 2016		7,666	245,754	9,367,602	9,621,022

EUROSIMM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(301,200)		1,934,458
Interest paid			(2,966)		-
Income taxes paid			(227,877)		(425,542)
Net cash (outflow)/inflow from operating activities			(532,043)		1,508,916
Investing activities					
Purchase of intangible assets		(25,266)		(14,555)	
Purchase of tangible fixed assets		(5,160)		(393,062)	
Proceeds on disposal of tangible fixed assets		2,000		-	
Interest received		57		-	
Net cash used in investing activities			(28,369)		(407,617)
Financing activities					
Invoice discounting		1,125,514		(211,184)	
Dividends paid		(853,048)		(830,726)	
Net cash generated from/(used in) financing activities			272,466		(1,041,910)
Net (decrease)/increase in cash and cash equivalents			(287,946)		59,389
Cash and cash equivalents at beginning of year			397,207		337,818
Cash and cash equivalents at end of year			109,261		397,207

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Eurosimm Limited is a private company limited by shares incorporated in England and Wales. The registered office is P16, Parklands, Heywood Distribution Park, Heywood, Lancs, OL10 2TT.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Eurosimm Limited is a wholly owned subsidiary of Ikonic Technology Limited and the results of Eurosimm Limited are included in the consolidated financial statements of Ikonic Technology Limited which are available from P16, Parklands, Heywood Distribution Park, Heywood, Lancs, OL10 2TT.

The company has taken advantage of the following exemptions in preparing these financial statements as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 11 Basic financial instruments paragraphs 11.39 to 11.48A
- The requirements of Section 33 Related Party disclosures.

This information is included in the consolidated financial statements of Ikonic Technology Limited as at 31 December 2016.

On 9 January 2017 the parent company changed its name from Melcain Limited to Ikonic Technology Limited.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

1.4 Intangible fixed assets other than goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	15% reducing balance
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If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the weighted average cost method. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sale of goods	58,748,814	46,482,278
Rendering of services	71,925	55,350
	<u>58,820,739</u>	<u>46,537,628</u>
Other significant revenue		
Interest income	57	-
	<u>57</u>	<u>-</u>
Turnover analysed by geographical market		
	2016 £	2015 £
UK	34,443,768	26,403,581
Rest of Europe	18,001,786	15,245,409
Rest of the world	6,375,185	4,888,638
	<u>58,820,739</u>	<u>46,537,628</u>

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	30,202	200,160
Fees payable to the company's auditor for the audit of the company's financial statements	17,000	17,000
Depreciation of owned tangible fixed assets	85,082	73,966
Loss on disposal of tangible fixed assets	7,631	24,764
Loss on disposal of intangible fixed assets	5,301	-
Amortisation of intangible assets	13,036	11,721
Cost of stocks recognised as an expense	51,496,710	40,484,444
Operating lease charges	156,005	282,671

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Directors	3	3
Sales and administration	61	60
	64	63

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,313,922	2,170,580
Social security costs	218,831	212,524
Pension costs	158,628	48,353
	2,691,381	2,431,457

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	28,729	30,568
Company pension contributions to defined contribution schemes	124,871	21,370
	153,600	51,938

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 - 3).

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	57	-

8 Interest payable and similar expenses

	2016 £	2015 £
Other interest	2,966	-
	2,966	-

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	590,779	230,852
Adjustments in respect of prior periods	(2,976)	-
Total current tax	587,803	230,852
Deferred tax		
Origination and reversal of timing differences	(29,749)	41,899
Total tax charge	558,054	272,751

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	2,740,471	1,353,958
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	548,094	274,176
Tax effect of expenses that are not deductible in determining taxable profit	8,409	3,241
Change on tax rate	(3,934)	(2,892)
Other tax adjustments	5,485	(1,774)
Taxation charge for the year	558,054	272,751

10 Dividends

	2016 £	2015 £
Ordinary final paid	853,048	830,726
	853,048	830,726

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Intangible fixed assets

	Computer software £
Cost	
At 1 January 2016	213,652
Additions - separately acquired	25,266
Disposals	(14,705)
At 31 December 2016	224,213
Amortisation and impairment	
At 1 January 2016	142,812
Amortisation charged for the year	13,036
Disposals	(9,403)
At 31 December 2016	146,445
Carrying amount	
At 31 December 2016	77,768
At 31 December 2015	70,840

12 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2016	213,844	352,019	69,727	635,590
Additions	-	5,160	-	5,160
Disposals	-	(24,332)	-	(24,332)
At 31 December 2016	213,844	332,847	69,727	616,418
Depreciation and impairment				
At 1 January 2016	23,178	74,161	41,770	139,109
Depreciation charged in the year	28,600	41,550	14,932	85,082
Eliminated in respect of disposals	-	(14,701)	-	(14,701)
At 31 December 2016	51,778	101,010	56,702	209,490
Carrying amount				
At 31 December 2016	162,066	231,837	13,025	406,928
At 31 December 2015	190,666	277,858	27,957	496,481

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Stocks

	2016 £	2015 £
Finished goods and goods for resale	5,274,879	3,785,640

14 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	7,974,180	6,429,506
Amounts due from group undertakings	4,613,016	4,142,420
Other debtors	738,079	855,069
Prepayments and accrued income	233,275	110,394
	13,558,550	11,537,389

The balance due from the parent and fellow group undertaking is interest free and repayable on demand.

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	3,306,696	3,217,482
Corporation tax	590,779	230,853
Other taxation and social security	518,019	598,244
Other creditors	4,390,986	3,164,229
Accruals and deferred income	958,511	714,275
	9,764,991	7,925,083

Within other creditors there are amounts totalling £515,839 (2015 - £591,882) relating to amounts owed to directors, which are interest free and repayable on demand.

Other creditors includes an invoice discounting facility totalling £3,666,935 (2015 - £2,541,591). The invoice discounting balance is secured by a debenture and a floating charge over the assets of the company.

16 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	17	41,072	70,821
		41,072	70,821

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	60,458	72,940
Other timing differences	(19,386)	(2,119)
	<u>41,072</u>	<u>70,821</u>
Movements in the year:		2016 £
Liability at 1 January 2016		70,821
Credit to profit or loss		(29,749)
Liability at 31 December 2016		<u>41,072</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>158,628</u>	<u>48,353</u>

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.

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
6,666 Ordinary A shares of £1 each	6,666	6,666
1,000 Ordinary B shares of £1 each	1,000	1,000
	<u>7,666</u>	<u>7,666</u>

In accordance with the Company's Articles of Association, the holders of Ordinary B shares participate in the profits of the company but can only be repaid at par on any winding-up or distribution.

Otherwise the Ordinary A shares and Ordinary B shares rank parri passu in all respects.

Called-up share capital - represents the nominal value of shares that have been issued.

20 Reserves

Share premium

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss reserves

The profit and loss account includes all current and prior period retained profits and losses, net of dividends paid.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	148,464	90,371
Between two and five years	586,045	590,509
In over five years	476,186	620,186
	<u>1,210,695</u>	<u>1,301,066</u>

22 Related party transactions

The directors of the company are considered to be the key management personnel. Directors remuneration is disclosed in note 6.

Included in creditors are balances due to directors of £102,489 (2015 - £96,427) due to J Kellington, £211,095 (2015 - £245,167) due to A Levene and £202,255 (2015 - £250,287) due to J Newman.

EUROSIMM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

23 Controlling party

The company is a wholly owned subsidiary of Ikonik Technology Limited, a company incorporated in England and Wales. The ultimate controlling parties are A Levene and J Newman by virtue of their directorships and shareholding in Ikonik Technology Limited.

The consolidated financial statements of Ikonik Technology Limited and its controlled entities may be obtained from the company's business address Parklands Block P1 Unit 9 & 10, Heywood Distribution Park, Pilsworth Road, Heywood, Lancashire, OL10 2TT.

24 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	2,182,417	1,081,207
Adjustments for:		
Taxation charged	558,054	272,751
Finance costs	2,966	-
Investment income	(57)	-
Loss on disposal of tangible fixed assets	7,631	24,764
Loss on disposal of intangible fixed assets	5,301	-
Amortisation and impairment of intangible assets	13,036	11,721
Depreciation and impairment of tangible fixed assets	85,082	73,966
Movements in working capital:		
(Increase)/decrease in stocks	(1,489,239)	477,450
(Increase)/decrease in debtors	(2,021,161)	666,970
Increase/(decrease) in creditors	354,770	(674,371)
Cash (absorbed by)/generated from operations	(301,200)	1,934,458