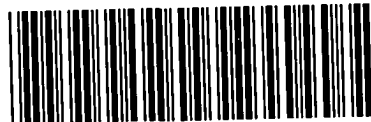

COVENCO (U.K.) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

TUESDAY



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21/09/2021

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COMPANIES HOUSE

COVENCO (U.K.) LIMITED

COMPANY INFORMATION

Directors

M H Creasey
S D Hollingsworth
S H O'Connell
M J Troup
J F W Short

Registered number

02351331

Registered office

3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
England
UB8 2FX

Independent auditors

Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

COVENCO (U.K.) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Group strategic report for the year ended 31 December 2020.

Financial review

Revenue was up from £12.1m in 2019 to £14.47m in 2020, contributing to a profit before tax for the year of £300,029 (2019 - £42,288 loss).

Cash flow for the group remained strong and the group was able to service its debts as and when they fell due. The group ended the year with a net cash position of £356,760 (2019 - net debt £840,582).

The Group continues to grow market share in the computer hardware business to business arena through delivering excellent service and a high level of expertise to our customers.

Principal risks and uncertainties

The Group maintains a strong Statement of financial position and the directors are confident it is well placed to deal with any internal or external risks.

Economic uncertainty
Management failure
Loss of key staff
Loss of premises due to disaster
COVID-19

COVID-19 is considered a principal risk, the main concern being to ensure the warehouse remains operational and our staff working there are safe.

We also increased our cash position during the year by £525,000, by taking advantage of the Government backed Coronavirus Business Interruption Loan Scheme.

All risks are actively considered and managed by the board of directors.

The Group has a disaster recovery plan in place and also benefits from a close relationship with Covenco Recovery Services Limited who specialise in disaster recovery.

Financial risk management

The Group manages the various financial risks in accordance with the risk management policies developed by the board of directors. Exposures to financial risk arise in the normal course of the Group's trade.

Sufficient measures are taken to minimise currency exposure and to ensure that liquidity is not affected by sudden exchange rate movements.

The Group offers credit facilities to trade customers based on their credit scores, with the credit facilities under frequent review.

COVENCO (U.K.) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Summary by performance indicators

The directors monitor the key performance indicators which provide an overview of the business performance.

	2020	2019
Gross profit margin	33.2%	32.5%
Net profit margin	2.07%	-0.3%
Current ratio	1.14	0.96

Further explanations of how these key performance indicators relate to the group's operating results are given in the "Financial review".

Return on capital employed	23%	-5.7%
Stock turnover days	33	43

Environmental policy

The Group recognises that its activities impact upon the environment both through its routine internal operations, its infrastructural development, and through its influence and effects on the wider community. It acknowledges a responsibility for and a commitment to, protection of the environment at all levels. The Group complies fully with environmental legislation and reviews the policy annually.

Health and safety

The Group maintains the appropriate health and safety policies and reviews them on an annual basis.

Quality policy

The Group is totally committed to quality and have always put the customer first in all that we do, continuously monitoring and updating our processes to ensure that all services and products offer the highest standards of quality and reliability.

Staff training and development

The development of staff skills remains of high importance to the Group's long term successes. The Group understands that the technical staff members require a high level of continued training and development to keep ahead of the constant changes in technology. The Group is committed to ensuring that its staff members have the required accreditations and qualifications to allow the Group to fulfil its objectives.

Supplier payment policy

The Group pays all suppliers on a net monthly basis unless alternative terms are agreed by a director prior to orders being placed.

COVENCO (U.K.) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Outlook for the business

COVID-19 has had significantly different effects on different companies within the group. Covenco (U.K.) Limited, trading principally in used IT hardware has seen sustained, and in certain product areas, even increased demand due to manufacturer's disrupted supply chains and customer's budgetary constraints, i.e. they are opting for second user equipment where 6 months ago they would have purchased new.

Unfortunately, these same factors combined with many larger end-users companies putting on hold future projects due to uncertain trading conditions has seen Covenco Applied Technologies Limited's order book and pipeline diminish over the same period.

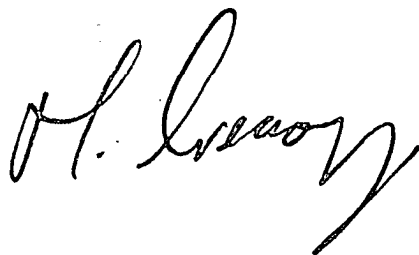
Due to the uptick in the second user business, no employees have been furloughed, rather excess Covenco Applied Technologies Limited resources have been temporarily redeployed to Covenco (U.K.) Limited.

As our customers adjust to the new normal and confidence returns we are optimistic that many of the projects Covenco Applied Technologies Limited were involved with will come to fruition and we will likely then see a rebalancing of the levels of business transacted by the two main entities.

This report was approved by the board on 17/09/2021

and signed on its behalf.

M H Creasey
Director



COVENCO (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 judgments 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 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.

Going concern assumption

The financial statements have been prepared on a going concern basis on the assumption that the group retains significant balance sheet assets, including cash and distributable reserves, and having assessed its financial position and forecasts, including the impact of COVID-19. The directors further note the receipt during the year of a Coronavirus Business Interruption Loan Scheme loan of £525,000 which has significantly benefited the liquidity of the business.

Results and dividends

The profit for the year, after taxation, amounted to £283,615 (2019 - £36,646 loss).

During the year, the company paid dividends of £150,500 (2019 - £Nil).

COVENCO (U.K.) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors

The directors who served during the year were:

M H Creasey
P M Flynn (resigned 19 May 2021)
S D Hollingsworth
S H O'Connell
M J Troup
J F W Short (appointed 1 January 2020)

Matters covered in the Group strategic report

Information concerning the risk management of the company and outlook for the business have been covered in the Group strategic report as permitted under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no subsequent events that require disclosure or adjustment to the financial statements. Furthermore, the directors do not consider the ongoing COVID-19 pandemic to have had a material impact on the business.

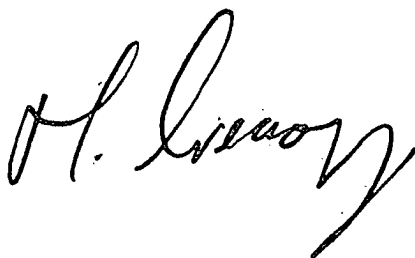
Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17/09/2021

and signed on its behalf.

M H Creasey
Director



COVENCO (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENCO (U.K.) LIMITED

Opinion

We have audited the financial statements of Coverico (U.K.) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

COVENCO (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENCO (U.K.) LIMITED (CONTINUED)

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 Auditors' 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 Group 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 Group 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 the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENCO (U.K.) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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's and the 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 either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussion with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, are as follows:
 - Companies Act 2006.
 - FRS102.
 - Employment legislation.
 - Tax legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Laws and regulations were communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation were identified. The audit team remained alert to instances of noncompliance throughout the audit.

COVENCO (U.K.) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENCO (U.K.) LIMITED (CONTINUED)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- Making enquires of management as to where they consider there was susceptibility to fraud and their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates were indicative of management bias; and
- Investigating the rationale behind significant transactions, or transactions that are unusual or outside the company's usual course of business.

The areas that we identified as being susceptible to misstatement through fraud were:

- Management bias in the estimates and judgements made;
- Management override of controls; and
- Posting of unusual journals or transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Barnes Roffe LLP

Elliot S J Arwas (Senior statutory auditor)
for and on behalf of

Barnes Roffe LLP

Chartered Accountants & Statutory Auditors

3 Brook Business Centre

Cowley Mill Road

Uxbridge

Middlesex

UB8 2FX

Date:

17th September 2021

COVENCO (U.K.) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	14,476,583	12,105,247
Cost of sales		(9,672,845)	(8,176,275)
Gross profit		4,803,738	3,928,972
Distribution costs		(283,576)	(365,158)
Administrative expenses		(4,218,427)	(3,570,487)
Operating profit/(loss)	5	301,735	(6,673)
Interest receivable and similar income	9	1,860	-
Interest payable and expenses	10	(3,566)	(35,615)
Profit/(loss) before taxation		300,029	(42,288)
Tax on profit/(loss)	11	(16,414)	5,642
Profit/(loss) for the financial year		283,615	(36,646)
Currency translation differences		2,286	(2,389)
Purchase of non-controlling interests		-	(12,659)
Other comprehensive income for the year		2,286	(15,048)
Total comprehensive income for the year		285,901	(51,694)
Loss for the year attributable to:			
Non-controlling interests		-	1,416
Owners of the parent Company		283,615	(38,062)
		283,615	(36,646)
Total comprehensive income for the year attributable to:			
Non-controlling interests		-	1,416
Owners of the parent Company		285,901	(53,110)
		285,901	(51,694)

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED
REGISTERED NUMBER: 02351331

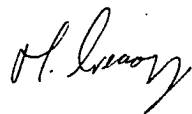
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	13		780,212		793,403
Investments	14		72,720		72,720
			<u>852,932</u>		<u>866,123</u>
Current assets					
Stocks	15	872,920		956,500	
Debtors: amounts falling due within one year	16	1,730,912		1,891,893	
Cash at bank and in hand	17	1,066,288		326,517	
			<u>3,670,120</u>	<u>3,174,910</u>	
Creditors: amounts falling due within one year	18	(3,220,734)		(3,299,656)	
Net current assets/(liabilities)			<u>449,386</u>		<u>(124,746)</u>
Total assets less current liabilities			<u>1,302,318</u>		<u>741,377</u>
Creditors: amounts falling due after more than one year	19		(487,343)		(61,803)
Provisions for liabilities					
Deferred tax			(1,198)		(1,198)
Net assets			<u>813,777</u>		<u>678,376</u>
Capital and reserves					
Called up share capital	23		100		100
Revaluation reserve	24		214,126		214,126
Foreign exchange reserve	24		(28)		(2,314)
Profit and loss account	24		599,579		466,464
			<u>813,777</u>		<u>678,376</u>

COVENCO (U.K.) LIMITED
REGISTERED NUMBER: 02351331

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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



17/08/2021

M H Creasey
Director

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED
REGISTERED NUMBER: 02351331

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	13		774,536		781,841
Investments	14		34,333		34,333
			<u>808,869</u>		<u>816,174</u>
Current assets					
Stocks	15	821,855		938,351	
Debtors: amounts falling due within one year	16	1,380,338		1,523,405	
Cash at bank and in hand	17	867,209		253,978	
			<u>3,069,402</u>	<u>2,715,734</u>	
Creditors: amounts falling due within one year	18	(2,883,178)		(2,972,681)	
Net current assets/(liabilities)			<u>186,224</u>		<u>(256,947)</u>
Total assets less current liabilities			<u>995,093</u>		<u>559,227</u>
Creditors: amounts falling due after more than one year	19		(487,343)		(61,803)
Net assets			<u><u>507,750</u></u>		<u><u>497,424</u></u>
Capital and reserves					
Called up share capital	23		100		100
Revaluation reserve	24		214,126		214,126
Profit and loss account brought forward		283,198		341,385	
Profit/(loss) for the year		160,826		(58,187)	
Dividend paid		(150,500)		-	
Profit and loss account carried forward	24		<u>293,524</u>		<u>283,198</u>
			<u><u>507,750</u></u>		<u><u>497,424</u></u>

COVENCO (U.K.) LIMITED
REGISTERED NUMBER: 02351331

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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



M H Creasey
Director

17th September 2021

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£
At 1 January 2020	100	214,126	(2,314)	466,464	678,376	678,376
Comprehensive income for the year						
Profit for the year	-	-	-	283,615	283,615	283,615
Foreign exchange movements	-	-	2,286	-	2,286	2,286
Other comprehensive income for the year	-	-	2,286	-	2,286	2,286
Total comprehensive loss for the year	-	-	2,286	283,615	285,901	285,901
Dividends: Equity capital	-	-	-	(150,500)	(150,500)	(150,500)
Total transactions with owners	-	-	-	(150,500)	(150,500)	(150,500)
At 31 December 2020	100	214,126	(28)	599,579	813,777	813,777

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2019	100	214,126	75	509,206	723,507	11,243	734,750
Comprehensive income for the year							
Loss for the year	-	-	-	(38,062)	(38,062)	1,416	(36,646)
Foreign exchange movement	-	-	(2,389)	-	(2,389)	-	(2,389)
Purchase of non-controlling interests	-	-	-	-	-	(12,659)	(12,659)
Other comprehensive income for the year	-	-	(2,389)	-	(2,389)	(12,659)	(15,048)
Total comprehensive income for the year	-	-	(2,389)	(38,062)	(40,451)	(11,243)	(51,694)
Purchase of non-controlling interests	-	-	-	(4,680)	(4,680)	-	(4,680)
Total transactions with owners	-	-	-	(4,680)	(4,680)	-	(4,680)
At 31 December 2019	100	214,126	(2,314)	466,464	678,376	-	678,376

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	100	214,126	283,198	497,424
Comprehensive income for the year				
Profit for the year	-	-	160,826	160,826
Total comprehensive income for the year	-	-	160,826	160,826
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(150,500)	(150,500)
At 31 December 2020	100	214,126	293,524	507,750

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	100	214,126	341,385	555,611
Comprehensive income for the year				
Loss for the year	-	-	(58,187)	(58,187)
Total comprehensive income for the year	-	-	(58,187)	(58,187)
Total transactions with owners	-	-	-	-
At 31 December 2019	100	214,126	283,198	497,424

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	283,615	(36,646)
Adjustments for:		
Depreciation of tangible assets	37,801	42,972
Interest payable	3,566	35,615
Interest receivable	(1,860)	-
Taxation charge	16,414	(5,642)
Decrease in stocks	83,580	300,702
Decrease in debtors	160,981	333,283
Increase in creditors	787,454	101,513
Corporation tax received	321	15,433
Foreign exchange differences	2,286	(2,389)
Net cash generated from operating activities	1,374,158	784,841
Cash flows from investing activities		
Purchase of tangible fixed assets	(24,610)	(6,396)
Interest received	1,860	-
Acquisition of non-controlling interest	-	(17,339)
Net cash generated/(used in) investing activities	(22,750)	(23,735)

COVENCO (U.K.) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from financing activities		
New secured loans	525,000	-
Repayment of loans	(21,295)	(20,684)
Dividends paid	(150,500)	-
Interest paid	(3,566)	(35,615)
Net cash used in financing activities	349,639	(56,299)
Net increase in cash and cash equivalents	1,701,047	704,807
Cash and cash equivalents at beginning of year	(686,875)	(1,391,682)
Cash and cash equivalents at the end of year	1,014,172	(686,875)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,066,288	326,517
Bank overdrafts	(52,116)	(1,013,392)
	1,014,172	(686,875)

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	326,517	739,771	1,066,288
Bank overdrafts	(1,013,392)	961,276	(52,116)
Debt due after 1 year	(61,803)	(425,540)	(487,343)
Debt due within 1 year	(91,904)	(78,165)	(170,069)
	<u>(840,582)</u>	<u>1,197,342</u>	<u>356,760</u>

The notes on pages 22 to 44 form part of these financial statements.

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Covenco (U.K.) Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is 3 Brook Business Centre, Cowley Mill Road, Uxbridge, Middlesex, England, UB8 2FX.

The Group specialises in computer hardware brokerage.

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 judgment 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 have carefully considered the level of business risk and have assessed the uncertainty of future trading projections for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis. The directors further note the receipt during the year of a Coronavirus Business Interruption Loan Scheme loan of £525,000 which has significantly benefited the liquidity of the business.

The directors consider that the going concern basis remains appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 year 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the 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 Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 year 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 reporting date can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Commission revenue is earned where the group acts as an agent to provide services to third parties.

Commissions are recognised as revenue when there is no obligation to provide further service.

2.6 Operating leases: the Group as lessee

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

2.7 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.9 Borrowing costs

All borrowing costs are recognised in the 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 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 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.12 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- Not depreciated, carried at fair value
Short-term leasehold property	- Straight line over the life of the lease
Plant and machinery	- 20% reducing balance basis
Fixtures and fittings	- 33% reducing balance basis
Office equipment	- 33% reducing balance basis
Other fixed assets	- 33% reducing balance basis

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 Statement of comprehensive income.

2.13 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in Other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Statement of comprehensive income.

No depreciation is provided on freehold properties. This is contrary to Companies Act 2006, which requires that fixed assets should be depreciated. In the opinion of the directors, this accounting treatment is necessary in order to show a true and fair view of the position of the company.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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 the Statement of comprehensive income.

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 Creditors

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.

2.19 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, and loans to and from related parties.

Financial assets that are measured at cost and amortised cost are assessed at each reporting date for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the 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.

2.20 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.

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amount of assets and liabilities. The estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable.

The directors have had to make the following judgements in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

1. Determine whether there are indicators of impairment of the Company's stock. Factors taken into consideration in reaching such a decision include the ageing of unsold stock and expected future realisability of the stock.

Other key sources of estimation uncertainty:

1. Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider variables including future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	8,071,434	9,078,312
Rest of Europe	3,258,893	1,870,330
Rest of the world	3,146,256	1,156,605
	<u>14,476,583</u>	<u>12,105,247</u>

COVENCO (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	37,801	42,972
Exchange differences	89,540	(68,573)
Operating lease rentals - premises rent	150,313	165,714
Operating lease rentals - other equipment	2,895	2,931
	<u>2,895</u>	<u>2,931</u>

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	13,500	13,500
	<u>13,500</u>	<u>13,500</u>

7. Employees

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

	2020 £	2019 £
Wages and salaries	2,725,574	1,709,723
Social security costs	307,854	319,092
Cost of defined contribution scheme	106,380	158,429
	<u>3,139,808</u>	<u>2,187,244</u>

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

	2020 No.	2019 No.
	40	51
	<u>40</u>	<u>51</u>

COVENCO (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	457,498	587,388
Company contributions to defined contribution pension schemes	17,860	22,294
	<u>475,358</u>	<u>609,682</u>

During the year retirement benefits were accruing to 6 directors (2019 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,092 (2019 - £213,497).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,816 (2019 - £3,443).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	1,860	-
	<u>1,860</u>	<u>-</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	3,566	35,615
	<u>3,566</u>	<u>35,615</u>

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profit/(loss) for the year	16,414	2,794
Adjustments in respect of previous years	-	1,504
Total current tax	16,414	4,298
Deferred tax		
Origination and reversal of timing differences	-	(9,940)
Total deferred tax	-	(9,940)
Taxation on loss on ordinary activities	16,414	(5,642)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	300,029	(42,288)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	57,006	(8,035)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,477	4,579
Capital allowances decelerated	6,014	5,817
Utilisation of tax losses	(30,979)	(2,001)
Adjustments to tax charge in respect of prior years	-	1,504
Deferred tax	-	(9,940)
Difference rates of tax on overseas earnings	(12,092)	(5,774)
Unrelieved tax losses carried forward	-	6,660
Other reconciling differences	(1,784)	7,674
Research and development credit	(6,228)	(6,126)
Total tax charge/(credit) for the year	16,414	(5,642)

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

Factors that may affect future tax charges

In the March 2021 Budget it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023 for profits over £250,000. There are no other significant factors that may affect future tax charges.

12. Dividends

	2020 £	2019 £
Dividends paid on equity capital	150,500	-
	<u>150,500</u>	<u>-</u>

The directors had an interest in dividends during the year totalling £150,500 (2019 - £Nil).

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Other fixed assets £	Total £
Cost or valuation							
At 1 January 2020	700,000	82,707	712,316	1,426	10,515	29,335	1,536,299
Additions	-	-	24,610	-	-	-	24,610
At 31 December 2020	700,000	82,707	736,926	1,426	10,515	29,335	1,560,909
Depreciation							
At 1 January 2020	-	45,487	662,752	59	10,120	24,478	742,896
Charge for the year	-	7,714	25,994	231	290	3,572	37,801
At 31 December 2020	-	53,201	688,746	290	10,410	28,050	780,697
Net book value							
At 31 December 2020	700,000	29,506	48,180	1,136	105	1,285	780,212
At 31 December 2019	700,000	37,220	49,564	1,367	395	4,857	793,403

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Company

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2020	700,000	77,144	647,031	1,424,175
Additions	-	-	22,895	22,895
At 31 December 2020	700,000	77,144	669,926	1,447,070
Depreciation				
At 1 January 2020	-	40,547	601,787	642,334
Charge for the year	-	7,714	22,486	30,200
At 31 December 2020	-	48,261	624,273	672,534
Net book value				
At 31 December 2020	700,000	28,883	45,653	774,536
At 31 December 2019	700,000	36,597	45,244	781,841

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Fixed asset investments

Group

	Investments in participating interest £
Cost and net book value	
At 1 January 2020	72,720
At 31 December 2020	<u>72,720</u>

Company

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2020	34,333
At 31 December 2020	<u>34,333</u>

COVENCO (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments (continued)**Subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Covenco Applied Technologies Limited	England and Wales	IBM Solutions provider	Ordinary	100%
Covenco Inc.	USA	IBM Solutions provider	Common Stock	100%
T J C Services Inc.	USA	Inactive	Common Stock	100%
3M2S Inc	USA	Inactive	Common Stock	100%
Teebrum Services LLC	USA	Inactive	Common Stock	100%
Covenco Technologies S. L. U.	Spain	Computer hardware and IT Solutions	Ordinary	100%
Covenco DK Aps	Denmark	Computer hardware and IT Solutions	Ordinary	100%
Tecnologia Aplicada Spain, S. L.	Spain	Computer hardware and IT Solutions	Ordinary	100%
Covenco Rentals Limited	England and Wales	Computer hardware and IT Solutions	Ordinary	100%

Group

The following was an associate undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
iEnterprises Holdings LLC	USA	Computer Software	Common Stock	22.619%

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Finished goods and goods for resale	872,920	956,500	821,855	938,351
	<u>872,920</u>	<u>956,500</u>	<u>821,855</u>	<u>938,351</u>

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,405,675	1,783,835	926,779	1,410,843
Amounts owed by group undertakings	-	-	179,771	58,353
Other debtors	285,444	51,390	243,337	600
Prepayments and accrued income	39,793	56,668	30,451	53,609
	<u>1,730,912</u>	<u>1,891,893</u>	<u>1,380,338</u>	<u>1,523,405</u>

17. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	1,066,288	326,517	867,209	253,978
Less: bank overdrafts	(52,116)	(1,013,392)	(52,116)	(874,761)
	<u>1,014,172</u>	<u>(686,875)</u>	<u>815,093</u>	<u>(620,783)</u>

COVENCO (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	52,116	1,013,392	52,116	874,761
Bank loans	170,069	91,904	170,069	91,904
Trade creditors	1,955,735	1,711,017	685,269	1,155,727
Amounts owed to group undertakings	-	-	1,245,081	643,913
Corporation tax	19,558	2,823	-	-
Other taxation and social security	355,720	104,193	290,243	104,193
Other creditors	321,462	107,932	94,326	7,568
Accruals and deferred income	346,074	268,395	346,074	94,615
	3,220,734	3,299,656	2,883,178	2,972,681

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	487,343	61,803	487,343	61,803
	487,343	61,803	487,343	61,803

COVENCO (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Loans

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Amounts falling due within one year				
Bank loans	170,069	91,904	170,069	91,904
	170,069	91,904	170,069	91,904
Amounts falling due 1-2 years				
Bank loans	174,612	8,207	174,612	8,207
	174,612	8,207	174,612	8,207
Amounts falling due 2-5 years				
Bank loans	312,731	53,596	312,731	53,596
	312,731	53,596	312,731	53,596
	657,412	153,707	657,412	153,707

The company has given a guarantee and debenture, dated 7 May 2013, to Barclays Bank plc. The guarantee and debenture covers all amounts owed by Covenco Applied Technologies Limited, Covenco (U.K.) Limited and Covenco Recovery Services Limited and is secured by fixed and floating charge against all assets of the company and is mirrored by matching guarantees given by Covenco Applied Technologies Limited and Covenco Recovery Services Limited.

Additionally, the parent company has given further fixed and floating charges over the assets of the company, including freehold property, to Barclays Bank plc, with charges dated 27 December 1989, 7 May 2013, 27 July 2013, and 2 October 2014.

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>1,691,119</u>	<u>1,835,225</u>	<u>1,349,887</u>	<u>1,469,796</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>2,986,725</u>	<u>3,027,621</u>	<u>2,734,204</u>	<u>2,876,064</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities that are debt instruments measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, other creditors and amounts owed to group undertakings.

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	1,198	11,138
Credited to the Statement of comprehensive income	-	(9,940)
	<u>1,198</u>	<u>1,198</u>

Company

	2020 £	2019 £
At beginning of year	-	9,500
Credited to the Statement of comprehensive income	-	(9,500)
	<u>-</u>	<u>-</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	1,198	1,198	-	-
	<u>1,198</u>	<u>1,198</u>	<u>-</u>	<u>-</u>

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
4,000 (2019 - Nil) Ordinary A shares of £0.01 each	40	-
4,000 (2019 - Nil) Ordinary B shares of £0.01 each	40	-
1,000 (2019 - Nil) Ordinary C shares of £0.01 each	10	-
1,000 (2019 - Nil) Ordinary D shares of £0.01 each	10	-
0 (2019 - 10,000) Ordinary shares of £0.01 each	-	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

During the year, 10,000 Ordinary shares of £0.01 each were redesignated into 4,000 Ordinary A shares of £0.01 each, 4,000 Ordinary B shares of £0.01 each, 1,000 Ordinary C shares of £0.01 each, and 1,000 Ordinary D shares of £0.01 each. The redesignated shares allow dividends at different rates to be declared on each class of shares separately, but rank pari passu in all other respects.

24. Reserves

Revaluation reserve

Revaluation reserve includes surplus created when assets are revalued.

Foreign exchange reserve

Exchange gains and losses arising on the retranslation of foreign subsidiaries on consolidation.

Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

25. Pension commitments

The group operates a defined contribution pension scheme for the benefit of the directors and employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension cost charge represents contributions payable by the group to these funds and amounted to £106,380 (2019 - £158,429). No contributions were payable at the year end.

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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26. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Land and buildings				
Not later than 1 year	115,440	132,930	73,750	83,680
Later than 1 year and not later than 5 years	331,670	295,000	295,000	295,000
Later than 5 years	221,250	295,000	221,250	295,000
	668,360	722,930	590,000	673,680
	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Other				
Not later than 1 year	20,711	35,348	14,493	20,425
Later than 1 year and not later than 5 years	18,549	14,751	18,549	8,533
	39,260	50,099	33,042	28,958

COVENCO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27. Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102 not to disclose any transactions with other wholly owned members of the group.

Covenco (U.K.) Limited is associated with Shoot Aviation Limited by virtue of certain common directors and shareholders. During the year ended 31 December 2020 charges were made to Shoot Aviation Limited by Covenco (U.K.) Limited for management services of £3,884 (2019 - £3,443), these charges were at market value. At the year end, Shoot Aviation Limited owed the company £967 (2019 - £386).

Covenco (U.K.) Limited is associated with Covenco Recovery Services Limited by virtue of certain common directors and shareholders. During the year ended 31 December 2020 charges were made to Covenco Recovery Services Limited by Covenco (U.K.) Limited for management services of £Nil (2019 - £163,190), these charges were at market value. The company also made sales to Covenco Recovery Services Limited of £450,306 (2019 - £432,049) and purchases from Covenco Recovery Services Limited of £16,482 (2019 - £34,752). At the year end, Covenco Recovery Services Limited was owed £94,538 (2019 - £13,924).

Covenco (U.K.) Limited made purchases from AMCIS Technologies Limited, a company with common directors, during the year of £240,000 (2019 - £Nil). At the reporting date, AMCIS Technologies Limited was owed £240,000 (2019 - £Nil) by the company.

Covenco (U.K.) Limited paid rent, at market rates, of £6,000 (2019 - £6,000) to S H O'Connell, one of the directors, under an operating lease for use of the premises which he personally owns.

The remuneration of key management personnel is as disclosed for directors.

28. Controlling party

In the opinion of the directors there is no one ultimate controlling party.