
COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

AMENDED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

THURSDAY



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COMPANIES HOUSE

COVENCO LTD (FORMERLY 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 LTD (FORMERLY COVENCO (U.K.) LIMITED)

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The following accounts replace the original accounts filed at Companies House. They are now the statutory accounts and have been prepared as they were at the date of the original accounts.

Introduction

The directors present their Group strategic report for the year ended 31 December 2022.

Financial review

Revenue increased from £12.01m in 2021 to £17.99m in 2022, contributing to a profit before tax for the year of £468,999 (2021 - £317,278). 2022 saw a continued upturn in the demand for computer hardware due to the shift in people working remotely.

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 cash balance of £1,150,322 (2021 - £505,136). This is largely attributable to the use of an invoice financing facility, with the company taking advantage of the cashflow opportunities presented.

The Group is well positioned 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

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 Covenco365 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 LTD (FORMERLY COVENCO (U.K.) LIMITED)

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Summary by performance indicators

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

	2022	2021
Gross profit margin	38.6%	36.7%
Net profit margin	2.40%	2.23%
Current ratio	1.10	1.13
Return on capital employed	36%	21%
Stock turnover days	43	34

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 LTD (FORMERLY COVENCO (U.K.) LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors

The directors who served during the year were:

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

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

In March 2023, the company merged its trade with Covenco365 Limited, forming a single unified entity.

On 10 March 2023, the company changed its name from Covenco (U.K.) Limited to Covenco Ltd.

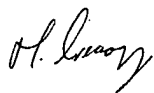
There have been no other subsequent events that require disclosure or adjustment to the financial statements.

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 26/09/2023

and signed on its behalf.



M H Creasey
Director

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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 Statement of financial position assets, including cash and distributable reserves, and having assessed its financial position and forecasts.

Based on their assessment, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £431,361 (2021 - £267,277).

During the year, the group paid dividends of £198,816 (2021 - £189,000).

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

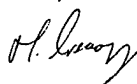
Outlook for the business

The Group, 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 over purchasing new.

In 2023, Covenco365 Limited merged its trade and business into Covenco Ltd to form a large unified and single entity, offering both IT hardware and services.

This report was approved by the board on 26/09/2023

and signed on its behalf.



M H Creasey
Director

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

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

Opinion

We have audited the financial statements of Covenco Ltd (formerly Covenco (U.K.) Limited) (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, 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 2022 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 LTD (FORMERLY COVENCO (U.K.) LIMITED)

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENCO LTD (FORMERLY 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 group 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 group, 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 LTD (FORMERLY COVENCO (U.K.) LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENCO LTD (FORMERLY 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 group'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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

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

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

27 September 2023

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	17,992,410	12,008,963
Cost of sales		(11,052,680)	(7,604,402)
Gross profit		6,939,730	4,404,561
Distribution costs		(333,415)	(234,099)
Administrative expenses		(6,154,205)	(3,846,357)
Other operating income	5	22,547	-
Operating profit	6	474,657	324,105
Interest receivable and similar income	10	145	204
Interest payable and similar expenses	11	(5,803)	(7,031)
Profit before taxation		468,999	317,278
Tax on profit	12	(37,638)	(50,001)
Profit for the financial year		431,361	267,277
Unrealised surplus on revaluation of tangible fixed assets		-	300,000
Currency translation differences		8,214	(11,857)
Deferred taxation on property revaluation		-	(95,498)
Other comprehensive income for the year		8,214	192,645
Total comprehensive income for the year		439,575	459,922
Profit for the year attributable to:			
Non-controlling interests		29,603	-
Owners of the parent Company		401,758	267,277
		431,361	267,277

The notes on pages 23 to 48 form part of these financial statements.

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

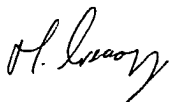
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Intangible assets	14		420,924		-
Tangible assets	15		1,296,412		1,084,145
Investments	16		72,720		72,720
			<u>1,790,056</u>		<u>1,156,865</u>
Current assets					
Stocks	17	1,351,795		702,754	
Debtors: amounts falling due within one year	18	2,865,776		1,728,837	
Cash at bank and in hand	19	1,150,322		505,136	
			<u>5,367,893</u>	<u>2,936,727</u>	
Creditors: amounts falling due within one year	20	(4,896,814)		(2,600,131)	
Net current assets			<u>471,079</u>		<u>336,596</u>
Total assets less current liabilities			<u>2,261,135</u>		<u>1,493,461</u>
Creditors: amounts falling due after more than one year	21		(97,500)		(312,066)
Provisions for liabilities					
Deferred tax	23		(105,697)		(96,696)
Net assets			<u>2,057,938</u>		<u>1,084,699</u>
Capital and reserves					
Called up share capital	24		135		100
Share premium account	25		732,445		-
Revaluation reserve	25		418,628		418,628
Foreign exchange reserve	25		(3,671)		(11,885)
Profit and loss account	25		890,614		677,856
Equity attributable to owners of the parent Company			<u>2,038,151</u>		<u>1,084,699</u>
Non-controlling interests	25		19,787		-
			<u>2,057,938</u>		<u>1,084,699</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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



M H Creasey
Director

The notes on pages 23 to 48 form part of these financial statements.

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

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

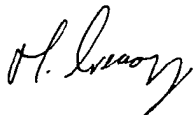
	Note	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	15		1,104,786		1,082,175
Investments	16		742,813		34,333
			<u>1,847,599</u>		<u>1,116,508</u>
Current assets					
Stocks	17	1,307,910		694,503	
Debtors: amounts falling due within one year	18	2,364,351		1,575,067	
Cash at bank and in hand	19	153,794		425,524	
		<u>3,826,055</u>		<u>2,695,094</u>	
Creditors: amounts falling due within one year	20	(3,809,010)		(2,737,152)	
Net current assets/(liabilities)			<u>17,045</u>		<u>(42,058)</u>
Total assets less current liabilities			<u>1,864,644</u>		<u>1,074,450</u>
Creditors: amounts falling due after more than one year	21		(97,500)		(312,066)
Deferred taxation	23		(95,498)		(95,498)
Net assets			<u><u>1,671,646</u></u>		<u><u>666,886</u></u>
Capital and reserves					
Called up share capital	24		135		100
Share premium account	25		732,445		-
Revaluation reserve	25		418,628		418,628
Profit and loss account brought forward		248,158		293,524	
Profit for the year		461,280		143,634	
Other changes in the profit and loss account		(189,000)		(189,000)	
Profit and loss account carried forward	25		<u>520,438</u>		<u>248,158</u>
			<u><u>1,671,646</u></u>		<u><u>666,886</u></u>

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

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

M H Creasey
Director



The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Revaluation reserve	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2022	100	-	418,628	(11,885)	677,856	1,084,699	-	1,084,699
Comprehensive income for the year								
Profit for the year	-	-	-	-	401,758	401,758	29,603	431,361
Foreign exchange movements	-	-	-	8,214	-	8,214	-	8,214
Other comprehensive income for the year	-	-	-	8,214	-	8,214	-	8,214
Total comprehensive profit for the year	-	-	-	8,214	401,758	409,972	29,603	439,575
Contributions by and distributions to owners								
Dividends: Equity capital	-	-	-	-	(189,000)	(189,000)	(9,816)	(198,816)
Shares issued during the year	35	732,445	-	-	-	732,480	-	732,480
Total transactions with owners	35	732,445	-	-	(189,000)	543,480	(9,816)	533,664
At 31 December 2022	135	732,445	418,628	(3,671)	890,614	2,038,151	19,787	2,057,938

The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	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 2021	100	214,126	(28)	599,579	813,777	813,777
Comprehensive income for the year						
Profit for the year	-	-	-	267,277	267,277	267,277
Revaluation of property	-	300,000	-	-	300,000	300,000
Foreign exchange movements	-	-	(11,857)	-	(11,857)	(11,857)
Deferred taxation on property revaluation	-	(95,498)	-	-	(95,498)	(95,498)
Other comprehensive income for the year	-	204,502	(11,857)	-	192,645	192,645
Total comprehensive income for the year	-	204,502	(11,857)	267,277	459,922	459,922
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	(189,000)	(189,000)	(189,000)
Total transactions with owners	-	-	-	(189,000)	(189,000)	(189,000)
At 31 December 2021	100	418,628	(11,885)	677,856	1,084,699	1,084,699

The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	100	-	418,628	248,158	666,886
Comprehensive income for the year					
Profit for the year	-	-	-	461,280	461,280
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>461,280</u>	<u>461,280</u>
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(189,000)	(189,000)
Shares issued during the year	35	732,445	-	-	732,480
Total transactions with owners	<u>35</u>	<u>732,445</u>	<u>-</u>	<u>(189,000)</u>	<u>543,480</u>
At 31 December 2022	<u>135</u>	<u>732,445</u>	<u>418,628</u>	<u>520,438</u>	<u>1,671,646</u>

The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	100	214,126	293,524	507,750
Comprehensive income for the year				
Profit for the year	-	-	143,634	143,634
Revaluation of property	-	300,000	-	300,000
Deferred taxation on property revaluation	-	(95,498)	-	(95,498)
Other comprehensive income for the year	-	204,502	-	204,502
Total comprehensive income for the year	-	204,502	143,634	348,136
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(189,000)	(189,000)
At 31 December 2021	100	418,628	248,158	666,886

The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	431,361	267,277
Adjustments for:		
Amortisation of intangible assets	105,231	-
Depreciation of tangible assets	171,339	46,797
Loss on disposal of tangible assets	499	-
Interest payable	5,803	7,031
Interest receivable	(145)	(204)
Taxation charge	37,638	50,001
(Increase)/decrease in stocks	(515,772)	170,166
(Increase)/decrease in debtors	(24,538)	2,075
Increase/(decrease) in creditors	396,427	(1,419,327)
Corporation tax (paid)	(101,772)	(4,452)
Foreign exchange differences	8,214	(11,857)
Net cash generated from/(used in) from operating activities	514,285	(892,493)
Cash flows from investing activities		
Purchase of tangible fixed assets	(326,596)	(50,730)
Sale of tangible fixed assets	2,000	-
Interest received	145	204
Cash from acquisition of subsidiary	506,386	-
Net cash from investing activities	181,935	(50,526)

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from financing activities		
Repayment of loans	(172,597)	(170,734)
Dividends paid	(189,000)	(189,000)
Interest paid	(5,803)	(7,031)
Dividends paid to non-controlling interests	(9,816)	-
Net cash used in financing activities	(377,216)	(366,765)
Net increase/(decrease) in cash and cash equivalents	319,004	(1,309,784)
Cash and cash equivalents at beginning of year	(295,612)	1,014,172
Cash and cash equivalents at the end of year	23,392	(295,612)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,150,322	505,136
Bank overdrafts	(1,126,930)	(800,748)
	23,392	(295,612)

The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	505,136	645,437	1,150,573
Bank overdrafts	(800,748)	(326,182)	(1,126,930)
Debt due after 1 year	(312,066)	214,566	(97,500)
Debt due within 1 year	(174,612)	(41,969)	(216,581)
	<u>(782,290)</u>	<u>491,852</u>	<u>(290,438)</u>

The notes on pages 23 to 48 form part of these financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Covenco Ltd (formerly 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 financial statements have been prepared on a going concern basis on the assumption that the group retains significant Statement of financial position assets, including cash and distributable reserves, and having assessed its financial position and forecasts.

Based on their assessment, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The group'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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 reporting 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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

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

Other intangible assets

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

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

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 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 depreciation and 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 reporting 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.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Valuation of investments in associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.17 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 LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.18 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.

2.19 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.

2.20 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.

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, 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.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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:

	2022 £	2021 £
United Kingdom	12,680,710	8,353,536
Rest of Europe	3,391,047	2,178,719
Rest of the world	1,920,653	1,476,708
	<u>17,992,410</u>	<u>12,008,963</u>

5. Other operating income

	2022 £	2021 £
Other operating income	22,547	-
	<u>22,547</u>	<u>-</u>

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Operating profit

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

	2022 £	2021 £
Depreciation of tangible assets	171,339	46,797
Exchange differences	(80,912)	18,642
Amortisation	105,231	-
Other operating lease rentals	183,167	130,388
Operating lease rentals - other equipment	2,440	2,765
Loss on disposal of tangible fixed assets	499	-
	<u>171,339</u>	<u>198,592</u>

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	19,625	18,525
	<u>19,625</u>	<u>18,525</u>

8. Employees

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

	2022 £	2021 £
Wages and salaries	4,004,219	2,563,847
Social security costs	432,238	242,667
Cost of defined contribution scheme	80,025	67,980
	<u>4,516,482</u>	<u>2,874,494</u>

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

	2022 No.	2021 No.
Directors, staff and administration	66	42
	<u>66</u>	<u>42</u>

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	505,300	477,258
Group contributions to defined contribution pension schemes	6,249	9,244
	<u>511,549</u>	<u>486,502</u>

During the year retirement benefits were accruing to 3 directors (2021 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £189,776 (2021 - £171,685).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021 - £Nil).

10. Interest receivable

	2022 £	2021 £
Other interest receivable	145	204
	<u>145</u>	<u>204</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	5,375	7,031
Other interest payable	428	-
	<u>5,803</u>	<u>7,031</u>

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	45,307	50,001
Adjustments in respect of previous periods	(7,669)	-
	<u>37,638</u>	<u>50,001</u>
Total current tax	<u>37,638</u>	<u>50,001</u>
Taxation on profit on ordinary activities	<u>37,638</u>	<u>50,001</u>

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>468,999</u>	<u>317,278</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	89,110	60,283
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,107	2,186
Capital allowances for year in excess of depreciation	(30,273)	563
Utilisation of tax losses	-	(15,498)
Adjustments to tax charge in respect of prior periods	(7,669)	-
Other timing differences leading to an increase in taxation	1,803	-
Non-taxable income	4,560	-
Difference rates of tax on overseas earnings	(22,000)	13,801
Other reconciling differences	-	(2,725)
Research and development credit	-	(8,609)
Total tax charge for the year	<u><u>37,638</u></u>	<u><u>50,001</u></u>

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.

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Dividends

	2022 £	2021 £
Dividends paid on equity capital	189,000	189,000
	<u>189,000</u>	<u>189,000</u>

The directors had an interest in dividends during the year totalling £189,000 (2021 - £189,000).

During the year, a total of £9,816 (2021 - £Nil) was paid as dividends to non-controlling interests.

14. Intangible assets

Group and Company

	Goodwill £
Cost	
Additions	526,155
At 31 December 2022	<u>526,155</u>
Amortisation	
Charge for the year	105,231
At 31 December 2022	<u>105,231</u>
Net book value	
At 31 December 2022	<u>420,924</u>
At 31 December 2021	<u>-</u>

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. 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 2022	1,000,000	101,357	769,006	1,426	10,515	29,335	1,911,639
Additions	-	-	95,953	230,643	-	-	326,596
Acquisition of subsidiary	-	261,041	-	401,004	-	-	662,045
Disposals	-	-	(2,025)	(805)	(10,515)	(29,335)	(42,680)
At 31 December 2022	1,000,000	362,398	862,934	632,268	-	-	2,857,600
Depreciation							
At 1 January 2022	-	66,619	720,505	520	10,515	29,335	827,494
Charge for the year	-	28,159	30,671	112,509	-	-	171,339
Disposals	-	-	(41)	(290)	(10,515)	(29,335)	(40,181)
Acquisition of subsidiary	-	241,728	-	360,808	-	-	602,536
At 31 December 2022	-	336,506	751,135	473,547	-	-	1,561,188

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Tangible fixed assets (continued)

Net book value

At 31 December 2022	<u>1,000,000</u>	<u>25,892</u>	<u>111,799</u>	<u>158,721</u>	<u>-</u>	<u>-</u>	<u>1,296,412</u>
At 31 December 2021	<u>1,000,000</u>	<u>34,738</u>	<u>48,501</u>	<u>906</u>	<u>-</u>	<u>-</u>	<u>1,084,145</u>

If the freehold property had not been included at valuation it would have been included under the historical cost convention at a net book value of £471,053 (2021 - £482,427).

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Company

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2022	1,000,000	95,794	702,006	1,797,800
Additions	-	-	67,392	67,392
Disposals	-	-	(2,025)	(2,025)
At 31 December 2022	1,000,000	95,794	767,373	1,863,167
Depreciation				
At 1 January 2022	-	61,679	653,946	715,625
Charge for the year	-	15,283	27,514	42,797
Disposals	-	-	(41)	(41)
At 31 December 2022	-	76,962	681,419	758,381
Net book value				
At 31 December 2022	1,000,000	18,832	85,954	1,104,786
At 31 December 2021	1,000,000	34,115	48,060	1,082,175

If the freehold property had not been included at valuation it would have been included under the historical cost convention at a net book value of £471,053 (2021 - £482,427).

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16. Fixed asset investments

Group

	Investments in participating interest £
Cost and net book value	
At 1 January 2022	72,720
At 31 December 2022	<u>72,720</u>

Company

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2022	34,333
Additions	732,480
Disposals	(24,000)
At 31 December 2022	<u>742,813</u>

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16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
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%
Covenco365 Limited	England and Wales	Computer hardware and IT solutions	Ordinary	88%

During the year, previous investments Covenco Applied Technologies Limited and Covenco Rentals Limited were dissolved.

Covenco365 Limited is exempt from the requirement to have an audit and file audited financial statements by virtue of Section 479A of the Companies Act 2006. In adopting the exemption, Covenco Ltd has provided a statutory guarantee in accordance with Section 479C of the Companies Act 2006.

Group

The following was an associate undertaking of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
iEnterprises Holdings LLC	USA	Computer software	Common stock	22.619%

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17. Stocks

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Raw materials and consumables	18,095	-	-	-
Finished goods and goods for resale	1,333,700	<i>702,754</i>	1,307,910	<i>694,503</i>
	<u>1,351,795</u>	<i><u>702,754</u></i>	<u>1,307,910</u>	<i><u>694,503</u></i>

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18. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	2,458,255	1,518,794	1,622,237	1,304,861
Amounts owed by group undertakings	-	-	572,213	173,820
Other debtors	52,532	115,804	2,227	13,403
Prepayments and accrued income	347,320	94,239	167,674	82,983
Tax recoverable	7,669	-	-	-
	<u>2,865,776</u>	<u>1,728,837</u>	<u>2,364,351</u>	<u>1,575,067</u>

19. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	1,150,322	505,136	153,794	425,524
Less: bank overdrafts	(1,126,930)	(800,748)	(1,126,930)	(800,748)
	<u>23,392</u>	<u>(295,612)</u>	<u>(973,136)</u>	<u>(375,224)</u>

20. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	1,126,930	800,748	1,126,930	800,748
Bank loans	216,581	174,612	216,581	174,612
Trade creditors	1,383,888	779,674	1,076,038	597,135
Amounts owed to group undertakings	-	-	730,532	454,193
Corporation tax	57,739	65,107	33,011	4,605
Other taxation and social security	333,844	293,926	282,243	278,096
Other creditors	60,679	81,249	33,298	37,836
Accruals and deferred income	1,717,153	404,815	310,377	389,927
	<u>4,896,814</u>	<u>2,600,131</u>	<u>3,809,010</u>	<u>2,737,152</u>

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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21. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	97,500	312,066	97,500	312,066
	<u>97,500</u>	<u>312,066</u>	<u>97,500</u>	<u>312,066</u>

22. Loans

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Bank loans	216,581	174,612	216,581	174,612
	<u>216,581</u>	<u>174,612</u>	<u>216,581</u>	<u>174,612</u>
Amounts falling due 1-2 years				
Bank loans	97,500	231,548	97,500	231,548
	<u>97,500</u>	<u>231,548</u>	<u>97,500</u>	<u>231,548</u>
Amounts falling due 2-5 years				
Bank loans	-	80,518	-	80,518
	<u>-</u>	<u>80,518</u>	<u>-</u>	<u>80,518</u>
	<u>314,081</u>	<u>486,678</u>	<u>314,081</u>	<u>486,678</u>

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 Ltd and Covenco365 Limited and is secured by fixed and floating charge against all assets of the company and is mirrored by matching guarantees given by Covenco365 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.

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23. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	96,696	1,198
Charged to other comprehensive income	-	95,498
Arising on business combinations	9,001	-
At end of year	105,697	96,696

Company

	2022 £	2021 £
At beginning of year	95,498	-
Charged to other comprehensive income	-	95,498
At end of year	95,498	95,498

The provision for deferred taxation is made up as follows:

	Group 2022 £	<i>Group</i> <i>2021</i> £	Company 2022 £	<i>Company</i> <i>2021</i> £
Accelerated capital allowances	10,199	1,198	-	-
Revaluation of property	95,498	95,498	95,498	95,498
	105,697	96,696	95,498	95,498

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
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24. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,395 (2021 - 4,000) Ordinary A shares of £0.01 each	54	40
5,395 (2021 - 4,000) Ordinary B shares of £0.01 each	54	40
1,349 (2021 - 1,000) Ordinary C shares of £0.01 each	13	10
1,349 (2021 - 1,000) Ordinary D shares of £0.01 each	14	10
	135	100

During the year, the company issued 1,395 Ordinary A shares of £0.01 each, 1,395 Ordinary B shares of £0.01 each, 349 Ordinary C shares of £0.01 each, and 349 Ordinary D shares of £0.01 each, in order to acquire the majority shareholding in Covenco365 Limited via a share for share exchange. The shares were issued at a premium of £732,445.

The shares allow dividends at different rates to be declared on each class of shares separately, but rank pari passu in all other respects.

25. Reserves

Share premium account

Share premium includes excess amount received by a company over the par value of its shares.

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.

Non-controlling interests

The non-controlling interests relate to equity held by minority shareholders in parent and subsidiaries.

Profit and loss account

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

COVENCO LTD (FORMERLY COVENCO (U.K.) LIMITED)

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26. Business combinations

On 1 January 2022, the company purchased 88% of the share capital of Covenco365 Limited via a share for share exchange.

Acquisition of Covenco365 Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Fixed Assets		
Tangible	59,509	59,509
	<u>59,509</u>	<u>59,509</u>
Current Assets		
Stocks	133,269	133,269
Debtors	1,102,135	1,102,135
Cash at bank and in hand	506,386	506,386
	<u>1,801,299</u>	<u>1,801,299</u>
Total Assets		
Creditors		
Due within one year	(1,585,973)	(1,585,973)
Deferred taxation	(9,001)	(9,001)
	<u>206,325</u>	<u>206,325</u>
Total Identifiable net assets		
		<u>526,155</u>
Goodwill		
		<u>732,480</u>
Total purchase consideration		
		<u>732,480</u>
Consideration		
		£
Share for share exchange		<u>732,480</u>
Cash outflow on acquisition		
		£
Purchase consideration settled via a share for share exchange, as above		<u>732,480</u>

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26. Business combinations (continued)

The results of Covenco365 Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	4,604,981
Profit for the period	1,417,525

27. 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 £80,025 (2021 - £67,980). Contributions totalling £22,240 (2021 - £9,670) were payable to the fund at the reporting date and are included in creditors.

28. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	104,345	102,599	73,750	73,750
Later than 1 year and not later than 5 years	303,819	327,445	295,000	295,000
Later than 5 years	73,750	147,500	73,750	147,500
	<u>481,914</u>	<u>577,544</u>	<u>442,500</u>	<u>516,250</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	27,203	38,334	27,203	38,334
Later than 1 year and not later than 5 years	25,303	63,112	25,203	63,112
	<u>52,506</u>	<u>101,446</u>	<u>52,406</u>	<u>101,446</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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29. 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 Ltd is associated with Covenco365 Limited by virtue of being its majority shareholder. During the year ended 31 December 2022 charges were made to Covenco365 Limited by Covenco Ltd for management services of £118,281 (2021 - £76,648), these charges were at market value. The company also made sales to Covenco365 Limited of £615,793 (2021 - £280,905) and purchases from Covenco365 Limited of £98,011 (2021 - £18,870). At the year end, Covenco365 Limited owed £41,880 (2021 - £90,451) to Covenco Ltd, and Covenco Ltd owed £309,883 (2021 - £Nil) to Covenco365 Limited.

Covenco Ltd made purchases from AMCIS Technologies Limited, a company with common directors, during the year of £Nil (2021 - £36,000).

Covenco Ltd paid rent, at market rates, of £6,000 (2021 - £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.

30. Post balance sheet events

In March 2023, the company merged its trade with Covenco365 Limited, forming a single unified entity.

On 10 March 2023, the company changed its name from Covenco (U.K.) Limited to Covenco Ltd.

There have been no other subsequent events that require disclosure or adjustment to the financial statements.

31. Controlling party

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