Kinly Ltd

Registered number: SC167635

Annual Report

For the year ended 31 December 2019

KINLY LTD

COMPANY INFORMATION

Directors	L Hughes I G Wallace R P Bakker T M Martin
Company secretary	I G Wallace
Registered number	SC167635
Registered office	6 Fleming Road Kirkton Campus Livingston West Lothian EH54 7BN
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Bankers	The Royal Bank of Scotland Plc 142-144 Princes Street Edinburgh EH2 4EQ
Solicitors	MBM Commercial LLP 5th Floor 125 Princes Street Edinburgh EH12 4AD

KINLY LTD

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

In accordance with the provisions of the Companies Act 2006 the company is proud to produce its financial statements for the year ended 31 December 2019.

The company's results are reported within the consolidated financial statements of Kinly Top Holding BV.

Business review

The company's principal activity is the supply of visual collaboration solutions comprising audio visual hardware, video conferencing software and associated services such as professional, managed and support services. The company provides secure and flexible visual collaboration solutions that make it easier to work closer together. At Kinly, we think working together is the most exciting thing in the world. Our brand statement is to engage people in Working Together, Everywhere.

The directors are pleased to report strong trading activity amidst continuing economic uncertainty – there was a small (3.4%) decrease in turnover from £20.8 million to £20.1 million. Although the company's absolute gross profit decreased by 2.1% its margin increased by 0.4% as the company has continued to increase volumes of recurring services from its strong managed services portfolio whilst securing strategic bids at lower hardware margins.

The directors have written down the carrying value of the subsidiaries in USA and Singapore, due to trading conditions in those countries.

On 2 June 2020 the acquisition of AVMI, a leading AV integrator and managed services provider, headquartered in London, was announced. This will increase our UK presence considerably.

The company continued to increase and strengthen its presence in the global marketplace and is expanding its operations with the recruitment of key personnel and spend on R&D (Kinly Cloud, Smart Monitoring and Smart Room Configurator). There is an ongoing focus to drive operational efficiency, coupled with prudent management of administrative expenses, to maximise profits for the company for the year.

The directors are pleased to report that the company benefits from a strong open order book as it moves into its new trading year.

The company is successfully maintaining its Cisco accreditation (TelePresence Video Master ATP) and has attained Microsoft Gold Partner status during the year.

The company continued to benefit from high footfall through its demonstration facilities in Threadneedle Street, London and plans to use technology to remotely showcase and demo its solutions to customers during Covid-19.

Working capital has been actively managed with strong credit control processes in operation. Typically, working capital utilisation peaks at calendar year ends (based on customer ordering patterns) then reduces in the first quarter of the following year due to higher cash collections from debtors. The group continues to enjoy the support of its bankers and parent company and continues to benefit from its extended global reach into new markets in Europe and the Middle East.

The directors anticipate continued, and significant, growth in its visual collaboration solution and service offerings and are confident of further strong trading and a profitable performance in 2020.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The more significant operating risks in the company's markets are general pressures on the global economies directly affecting the markets in which Kinly Ltd is involved. However, the company expects that this may in fact have a positive and mitigating effect on trading as organisations look to reduce costs through the take-up and usage of video communication.

Financial key performance indicators

The company utilises a wide range of key performance indicators covering sales, gross margins and expense ratios to monitor performance and support operating decisions. The principal indicators are gross margin at 30.2% (2018: 29.8%) and liquidity ratio at 1.50 (2018: 1.51).

This report was approved by the board on 30 June 2020 and signed on its behalf.

Ian G Wallace

I G Wallace
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the company'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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £754,646 (2018 - profit £176,700).

Directors

The directors who served during the year were:

L Hughes (appointed 1 January 2019)
I G Wallace
R P Bakker (appointed 1 October 2019)
T M Martin (appointed 31 December 2019)
F Dijkman (resigned 24 February 2020)
L M Ekerot (resigned 17 May 2019)
A Evans (resigned 31 May 2019)

Impact of Covid-19

Since early January 2020, the coronavirus outbreak has spread across mainland China and beyond, causing disruption to business and economic activity. The Directors are actively monitoring the outbreak, its potential economic impact and the effect this may have on the Company.

Future developments

The company will continue to increase and strengthen its presence in the global marketplace and expand its operations with the recruitment of key personnel and spend on R&D (Kinly Cloud, Smart Monitoring and Smart Room Configurator). The directors anticipate continued, and significant, growth in its visual collaboration solution and service offerings and are confident of further strong trading and a profitable performance in 2020.

Financial instruments

The company has both debtors and creditors. Debtor and creditor balances are primarily in sterling or United States dollars. It is normal practice for sales and purchases to be made in the same currency to form a natural hedge and minimise exchange rate risk. However, where purchases are in currencies other than local customer contracts, then it is the company's financial risk management objective to broadly seek to make neither a profit nor loss from exposure to currency or interest rate risks. The directors regularly review the risks to the company associated with the movements in currency and interest rates with a view to considering whether additional hedging or other risk control procedures are appropriate.

It is the company's policy to finance its trading activities (working capital) out of retained profits and through its banking facilities at prevailing market interest rates at subsidiary company level. Fixed asset expenditure is either funded out of working capital or by entering in to specific funding arrangements.

Company's policy for payment of creditors

It is the group's policy to make supplier payments in accordance with agreed or appropriate terms provided that all trading terms and conditions have been complied with. Suppliers were paid on average within 35 days (2018 - 35 days).

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1. These matters include a fair review of the Company's business and a description of the Company's principal risks and uncertainties.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 30 January 2020, the World Health Organization (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern'. The directors do not consider any adjustments to the reported financial information to be required in relation to this and no post balance sheet events as a result have been identified. The going concern basis of preparation is considered appropriate for the preparation of the financial statements as per note 2.4.

Auditor

The auditor, Mazars LLP, who was appointed in 2018, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 June 2020 and signed on its behalf.

Ian G Wallace

I G Wallace
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINLY LTD

Opinion

We have audited the financial statements of Kinly Ltd (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In forming our opinion on the Company financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 3, and the consideration of the going concern basis of preparation on page 14 and non- adjusting post balance sheet events on page 32.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINLY LTD

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINLY LTD

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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

Fiona Martin
Fiona Martin (Jul 9, 2020 09:14 GMT+1)

Fiona Martin (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: Jul 9, 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	20,104,975	20,813,222
Cost of sales		(14,033,960)	(14,612,581)
Gross profit		6,071,015	6,200,641
Administrative expenses		(7,182,646)	(6,173,120)
Other operating income	5	141,155	186,894
Operating (loss)/profit	6	(970,476)	214,415
Interest receivable and similar income	10	2,335	15,670
Interest payable and expenses	11	(8,172)	(6,356)
(Loss)/profit before tax		(976,313)	223,729
Tax on (loss)/profit	12	221,667	(47,029)
(Loss)/profit for the financial year		(754,646)	176,700
Other comprehensive income for the year			
Reduction in deferred tax provision on revaluation of investments	23	-	38,939
Write down of investments		(2,646,519)	-
Elimination of deferred tax provision on revaluation of investments		403,026	-
Total comprehensive income for the year		(2,998,139)	215,639

The notes on pages 14 to 33 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible fixed assets	13		201,208		106,812
Tangible fixed assets	14		224,507		237,000
Investments	15		1,031,572		3,678,091
			1,457,287		4,021,903
Current assets					
Stocks	16	129,504		322,306	
Debtors	17	7,274,160		7,985,418	
Cash and cash equivalents	18	2,510,426		1,341,130	
		9,914,090		9,648,854	
Creditors: amounts falling due within one year	19	(6,467,885)		(6,185,185)	
Net current assets			3,446,205		3,463,669
Total assets less current liabilities			4,903,492		7,485,572
Creditors: amounts falling due after more than one year	20		(1,480,882)		(643,089)
Provisions for liabilities					
Deferred tax	23	-		(421,734)	
			-		(421,734)
Net assets			3,422,610		6,420,749

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	**24**	12,822	12,822
Share premium account	**25**	1,437,299	1,437,299
Revaluation reserve	**25**	-	2,243,493
Capital redemption reserve	**25**	100,888	100,888
Profit and loss account	**25**	1,871,601	2,626,247
		3,422,610	6,420,749

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30 June 2020.

I G Wallace
Director

The notes on pages 14 to 33 form part of these financial statements.

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

	Called up share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	12,822	1,437,299	2,243,493	100,888	2,626,247	6,420,749
Comprehensive income for the year						
Loss for the year	-	-	-	-	(754,646)	(754,646)
Write down of investments	-	-	(2,646,519)	-	-	(2,646,519)
Elimination of deferred tax provision on revaluation of investments	-	-	403,026	-	-	403,026
At 31 December 2019	12,822	1,437,299	-	100,888	1,871,601	3,422,610

The notes on pages 14 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2018	12,822	1,437,299	2,204,554	100,888	2,449,547	6,205,110
Comprehensive income for the year						
Profit for the year	-	-	-	-	176,700	176,700
Surplus on revaluation of other fixed assets	-	-	38,939	-	-	38,939
At 31 December 2018	12,822	1,437,299	2,243,493	100,888	2,626,247	6,420,749

The notes on pages 14 to 33 form part of these financial statements.

1. General information

Kinly Ltd is a private company limited by shares. The company's registered office and principal place of business is 6 Fleming Road, Kirkton Campus, Livingston, West Lothian, EH54 7BN.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Kinly Top Holding BV as at 2019 and these financial statements may be obtained from the local filing authority.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Going concern

Government controls to contain the Coronavirus pandemic affected the company's ability to operate at full capacity from mid-March 2020. It is unclear when these restrictions will be lifted. The directors have prepared forecasts to assist in managing cashflows with the expectation that operation levels will increase later in 2020. By utilising the Government's Coronavirus Job Retention Scheme the company has reduced its cost base. The company demonstrates that it can meet its liabilities as they fall due. Based on the above, the directors believe that is it appropriate to prepare the financial statements on a going concern basis.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

2. Accounting policies (continued)

2.5 Foreign currency translation (continued)

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the 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'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.6 Revenue (continued)

The major income streams are projects and service contracts. Project income is recognised on delivery whereas service contract income is spread evenly over the life of the contract (balance deferred). Similarly project costs are recognised on delivery and maintenance costs are amortised in line with income (balance prepaid).

2.7 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.8 Operating leases: the Company as lessee

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

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

2.9 Interest income

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

2.10 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.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.12 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balance sheet date.

2.13 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 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 Statement of Comprehensive Income over its useful economic life.

Intangible fixed 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.

The estimated useful lives range as follows:

Development expenditure	-	3 years

2. Accounting policies (continued)

2.14 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, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	20% - 50% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	25% - 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Prior to the adoption of Financial Reporting Standard 102, investments were periodically revalued. On adoption the valuations were deemed to be cost, and no revaluations have been made subsequently.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.21 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

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

2. Accounting policies (continued)

2.21 Financial instruments (continued)

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 Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

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

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

In preparing these financial statements, the directors have made a judgement as to whether there are any indicators of impairment of the company's tangible and intangible fixed assets, and the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

The principal uncertainties of forecasting are mitigated by an assessment of information and known facts relating to the trading conditions and the prevailing economic environment that existed at the year end.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	13,013,702	14,969,602
Rest of the world	7,091,273	5,843,620
	20,104,975	20,813,222

Analysis of turnover by business activity:

	2019 £	2018 £
Hardware and software sales	9,699,102	11,737,243
Maintenance and services	10,405,873	9,075,979
	20,104,975	20,813,222

5. Other operating income

	2019 £	2018 £
Cost recovery and management charge	53,900	186,894
Research and development tax credit	87,255	-
	141,155	186,894

6. Operating (loss)/profit

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

	2019 £	2018 £
Exchange differences	160,559	(3,791)
Operating lease rentals	228,291	270,780

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	25,000	23,500

Fees payable to the Company's auditor in respect of:

	2019 £	2018 £
Other services relating to financial statements	1,400	1,300

8. Employees

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

	2019 £	2018 £
Wages and salaries	5,127,608	4,347,997
Social security costs	583,685	513,121
Cost of defined contribution pension scheme	158,691	97,246
	5,869,984	4,958,364

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

	2019 No.	2018 No.
Administration	20	20
Sales	22	20
Technical	53	48
	95	88

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	446,684	412,522
Company contributions to defined contribution pension schemes	10,753	7,021
Compensation for loss of office	30,000	-
	487,437	419,543

The highest paid director received remuneration of £213,897 (2018 - £289,491).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,227 (2018 - £4,433).

10. Interest receivable

	2019 £	2018 £
Interest receivable	2,335	15,670

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	1,376
Finance leases and hire purchase contracts	8,172	4,980
	8,172	6,356

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	-	52,959
Adjustments in respect of previous periods	(52,959)	(14,163)
Total current tax	(52,959)	38,796
Deferred tax		
Deferred tax movement	(168,708)	8,233
Taxation on profit on ordinary activities	(221,667)	47,029

Factors affecting tax charge for the year

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

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	(976,313)	223,729
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(185,499)	42,509
Effects of:		
Expenses not deductible for tax purposes	13,434	5,676
Adjustments to tax in respect of prior periods	(52,959)	(14,163)
Adjustment to deferred tax for prior year	2,202	14,390
Depreciation on ineligible assets	1,155	281
Group relief	-	(1,664)
Total tax charge for the year	(221,667)	47,029

Factors that may affect future tax charges

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted.

13. Intangible fixed assets

	Development expenditure £
Cost	
At 1 January 2019	106,812
Additions	130,000
At 31 December 2019	236,812
Amortisation	
Charge for the year on owned assets	35,604
At 31 December 2019	35,604
Net book value	
At 31 December 2019	201,208
At 31 December 2018	106,812

14. Tangible fixed assets

	Leasehold improvements £	Other fixed assets £	Total £
Cost			
At 1 January 2019	350,002	463,011	813,013
Additions	35,349	112,888	148,237
Disposals	(251,207)	-	(251,207)
At 31 December 2019	134,144	575,899	710,043
Depreciation			
At 1 January 2019	312,978	263,035	576,013
Charge for the year on owned assets	27,244	133,486	160,730
Disposals	(251,207)	-	(251,207)
At 31 December 2019	89,015	396,521	485,536
Net book value			
At 31 December 2019	45,129	179,378	224,507
At 31 December 2018	37,024	199,976	237,000

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

	2019 £	2018 £
Furniture, fittings and equipment	5,652	6,032
Other fixed assets	40,584	44,125

15. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	3,690,318
At 31 December 2019	3,690,318
Impairment	
At 1 January 2019	12,227
Charge for the period	2,646,519
At 31 December 2019	2,658,746
Net book value	
At 31 December 2019	1,031,572
At 31 December 2018	3,678,091

The original cost of the subsidiary undertakings was £1,043,799.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Kinly Inc	2 Ridgedale Ave 100, Cedar Knolls, NJ 07927, USA	Ordinary	100%
Kinly Pte Ltd	60 Albert Street, #13 - 07/08 OG Albert Complex Singapore 189969	Ordinary	100%
Kinly Sdn Bhd	Level 41, Vista Tower The Intermark 348 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary	100%
Viju Nederland BV	Hogeweg 43, 5301 LJ Zaltbommel Netherlands	Ordinary	100%

15. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The principal activity of the subsidiary companies is the supply of visual collaboration solutions comprising audio visual hardware, video conferencing software and associated services such as professional, managed and support services

16. Stocks

	2019 £	2018 £
Finished goods and goods for resale	129,504	322,306

17. Debtors

	2019 £	2018 £
Due after more than one year		
Prepayments and accrued income	325,293	233,274
Due within one year		
Trade debtors	4,757,650	5,306,179
Amounts owed by group undertakings (note 29)	311,223	697,991
Other debtors	211,132	46,148
Prepayments and accrued income	1,518,862	1,701,826
Deferred taxation (note 23)	150,000	-
	7,274,160	7,985,418

18. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,510,426	1,341,130

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,953,890	1,237,052
Amounts owed to group undertakings (note 29)	403	-
Other taxation and social security	697,540	279,609
Obligations under finance lease and hire purchase contracts (note 21)	-	24,339
Accruals and deferred income	3,816,052	4,644,185
	6,467,885	6,185,185

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

	2019 £	2018 £
Accruals and deferred income	1,480,882	643,089

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	-	24,339

Net obligations under the finance lease and hire purchase contracts are secured by a fixed charge on the assets concerned.

22. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	2,510,426	1,341,130
Financial assets that are debt instruments measured at amortised cost	5,280,005	6,050,318
	7,790,431	7,391,448
Financial liabilities		
Financial liabilities measured at amortised cost	(2,651,833)	(1,541,000)

Financial assets measured at fair value through profit or loss comprise cash balances held with banks.

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

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, and other creditors.

23. Deferred taxation

	2019 £
At beginning of year	(421,734)
Charged to profit or loss	150,000
Reduction in year	421,734
At end of year	150,000

23. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(45,783)	(20,129)
Short term timing differences	2,778	1,421
Losses carried forward	193,005	-
Investment revaluation	-	(403,026)
	150,000	(421,734)

Movement on the investment revaluation is treated as other comprehensive income.

24. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
128,222 (2018 - 128,222) Ordinary shares shares of £0.10 each	12,822	12,822

25. Reserves

Share premium account

The share premium reserve represents the excess over the par value of the issued share capital that has been paid for those shares.

Revaluation reserve

The revaluation reserve represents the revaluation of fixed asset investments.

Capital redemption reserve

The capital redemption reserve represents the amount paid to redeem the company's ordinary share capital.

Profit and loss account

The profit and loss accounts represent the accumulated profits of the company.

26. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the scheme and amounted to £158,691 (2018 - £97,246). Contributions totalling £32,043 (2018 - £18,758) were payable to the scheme at the balance sheet date and are included in creditors.

27. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	436,398	436,921
Later than 1 year and not later than 5 years	372,977	797,741
	809,375	1,234,662

28. Future minimum lease receipts under operating leases

	2019 £	2018 £
Not later than 1 year	189,670	189,670
Less than 1 year and not later than 5 years	170,703	360,373
	360,373	550,043

29. Related party transactions

The company has taken advantage of the exemption provided by FRS 102 s33 1A whereby disclosures need not be given of transactions entered into between two or more memebers of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

30. Post balance sheet events

On 30 January 2020, the World Health Organization (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern'. The directors have considered the impact of the outbreak within the Directors' Report on page 3. The directors do not consider any adjustments to the reported financial information to be required in relation to this and no post balance sheet events as a result have been identified. The going concern basis of preparation is considered appropriate for the preparation of the financial statements as per note 2.4.

31. Controlling party

The immediate parent undertaking is Viju AS, a company incorporated in Norway. Its registered office address is Luramyrveien 79, 4313 Sandnes, Norway. This is the smallest group of undertakings for which group financial statements are drawn up.

The ultimate parent and controlling party is Kinly Top Holding BV, a company incorporated in the Netherlands. Its registered address is Apollolaan 153, 1077 AS, Amsterdam, The Netherlands. This is the largest group of undertakings for which group financial statements are drawn up.

Copies of the financial statements for both companies are available from the Norwegian and Dutch authorities.