Ikonic Technology Limited

Annual report and financial statements

Year ended 31 December 2019

Registered number 06752963

Contents

Officers and professional advisers

DIRECTORS

Mr J Newman
Mr A Levene
Mr J Goldstone
Mr C Perry

REGISTERED OFFICE

P16
Parklands
Heywood Distribution Park
Heywood
Lancs
OL10 2TT

BANKERS
HSBC Plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

SOLICITORS
Squire Patton Boggs (UK) LLP
6 Wellington Place
Leeds
LS1 4AP

AUDITOR

Ernst & Young LLP
Statutory Auditor
2 St Peter's Square
Manchester
M2 3EY

Strategic Report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Ikonic Technology Limited and its subsidiary undertakings when viewed as a whole

Review of the business

Ikonic Technology Ltd continued to make good progress developing the business during the financial year. The growth of subsidiaries has progressed further in line with expectations. During the period the business has focused on its people, products and service to ensure Ikonic Technology Ltd continue to lead the industry when supplying IT Hardware and peripheral IT products. The sourcing of a wide range of quality IT products from different brands at the best price continues to be a focus while managing currency risk is important. The developing internal infrastructure is benefiting the business and delivering efficiencies and continued profitability in what is a competitive service led market. A growth target of over 5% has be met while maintaining operating profit margin during the year

The accounts have been prepared for the year ended 31 December 2019. The Group's total turnover for the year ended 31 December 2019 was £72,419,585 (2018: £67,440,807), reflecting the continued growth of the Group's existing business. The Group looks to build its competitive position through innovation and its service offering

EBITDA (earnings before interest tax, depreciation and amortisation) of £3,004,299 (2018: £2,853,637) reflects the growth in revenue and increase in Gross Margin within the main trading entities. Whilst the Group maintained control over administrative expenses, and recent investment in infrastructure has supported the turnover growth experienced across the Group. Profit before taxation of £3,224,126 (2018: £2,645,576) reflects the above mentioned growth and Group development. The Group's net asset position at year end is £8,361,539 (2018: £7,773,130). Operating cash flow was £2,226,868 (2018: £2,364,853)

The trading outlook remains positive given the Group's entities are well positioned in their respective markets and the trend that technology is continuing to be at the centre of business and end users environments is expected to continue. The investment in people and systems has been consistent with prior years and the team is well placed to take advantage of the opportunities that suit the wider aspirations of the group

Key performance indicators

The directors consider the key performance indicators of the Group to be turnover, EBITDA, operating cash flows and shareholders' funds, which are documented below. The KPI targets which were based on revenue and EBITDA growth and improvements in Operating cash flows were achieved during the year, with future targets based around further growth

	2019	2018
	£	£
Turnover	72,419,585	67,440,807
EBITDA	3,004,299	2,853,637
Operating cash flows	2,226,868	2,364,853
Shareholders' funds	8,361,539	7,773,130

Strategic Report (continued)

Principal risks and uncertainties

Currency risk

A significant proportion of the Group's cost of sales is denominated in Sterling and Euro currencies however the Group's revenues are also denominated predominantly in the same currencies. The directors seek to mitigate this inherent currency risk by matching both cost and revenue streams with the objective to limit current exposure

Interest rate risk

A significant proportion of the Group's debt instruments involve invoice discounting based on variable interest rates. The Group reviews these facilities regularly to ensure they are being managed and used effectively to limit debt and interest rate exposure

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange and interest rates. The directors seek to mitigate the risk of adverse cash flows during day to day trading by cultivating a strong and open relationship with the Group's banking partner to ensure that significant credit lines are available

Reputation risk

The directors seek to mitigate the risk to the reputation of the Group's brands and by continuing to invest in quality control, supply chain management and the development of new products within strict brand criteria

Brexit uncertainty

The directors seek to mitigate the potential risk to the Company from Britain's exit from the European Union by continuing to engage with professional advisers to understand and consider potential risks to the business from an operational and financial perspective. The Group has completed various objectives such as legal structure expansion and operational capabilities and capacity to allow flexibility dependent on the final outcome for Brexit

COVID-19 uncertainty

The business has instigated its business continuity plan to ensure it can operate effectively alongside the restrictions that are in place whilst adhering to various guidelines, regulations and legislation. The nature of the restrictions imposed by Government, in particular the requirement for the implementation of remote working for a significant number of businesses, has resulted in higher sales in the short term due to the increased demand for IT products and hardware which facilitate remote working and added network infrastructure capacity

The Group has also enhanced the short-term working capital capacity of the business to ensure liquidity is available and trading is maintained. Additionally, the Group will consider using any relevant government support where appropriate but at the date of signing these financial statements, no such support has been drawn on

The Group has a well diversified supply chain which sources product from numerous vendors in different geographic locations. Therefore, the Board has assessed the risk of supply chain disruption to be low

Strategic Report (continued)

Future developments

On March 11 2020, the World Health Organisation ("WHO") declared COVID-19 as a pandemic, affecting multiple countries including the UK. The Board continues to monitor the impact of this event on the future operating performance of the Group and will take the necessary measures to safeguard the Group's assets during this uncertain period.

The directors expect the general level of activity to increase in the forthcoming year subject to the severity of the aforementioned COVID-19 restrictions and the planned conclusion of Brexit arrangements. This growth is expected to be generated by the continued increase in distribution of the Group's products in existing and new markets and leveraging the positioning of the Group's service led proposition in their respective markets.

Whilst the impact on the Group's trading performance to date has been positive, there remains a risk that COVID-19 could adversely impact the Group's business or their customers in a manner which could give rise to the need to impair certain of the Group's, or Company's, assets.

Approved by the Board and signed on its behalf by:

C Perry

Director

11th August 2020

Directors' Report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is as a distributor supplying IT products. The Company was incorporated on 19 November 2008. The accounts have been prepared for the year ended 31 December 2019.

The results of the year ended 31 December 2019 are disclosed on page 12.

Future developments

Details of future developments can be found in the Strategic Report on pages 2 to 4 form part of this report by cross-reference.

Events after the balance sheet date

Events after the balance sheet date have been disclosed in note 23 to the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swaps where it is deemed appropriate to hedge these exposures.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Directors' report (continued)

Dividends

Ordinary dividends were paid amounting to £2,400,000. The directors do not recommend payment of a further dividend.

Directors

The directors who served the Company during the year and thereafter are stated on page 1.

Going concern

The Board are required to consider the availability of resources to meet the Group's and Company's liabilities for a period of at least twelve months from the date of approval of these financial statements.

The Group has net current assets of £7,480,006 and net assets of £8,361,539 at the balance sheet date. The group has cash at bank and in hand of £1,335,165 and also has access to adequate short-term financing facilities should it so require.

When performing the going concern assessment, the Board has considered that subsequent to December 31, 2019, there has been a global outbreak of COVID-19 which the World Health Organization has declared a "Public Health Emergency of International Concern". The impact associated with this public health emergency has been significant and continues to evolve.

For Ikonic, the Board expects the most significant potential impact of COVID-19 to be in relation to the level of and phasing of sales throughout the forthcoming period. The increased demand for IT hardware since the pandemic began has provided a noticeable increase to the revenues of the Group however, the Board acknowledges that there is there potential for this to decline throughout the remainder of the forthcoming period.

In response to the COVID-19 pandemic the Group has initiated its business continuity plan to ensure it can operate effectively throughout the forthcoming period. The Group has enhanced the short-term working capital capacity of the business to ensure liquidity is available and trading is maintained. Additionally, a policy of remote working has been implemented across the Group where possible so as to safeguard employees and minimize business disruption. The Group will consider using any relevant government support where appropriate but at the date of signing these financial statements, no such support has been drawn upon.

The Board has prepared a cash flow forecast to support the going concern assessment covering the period to August 11, 2021 and also considered the Group's ability to comply with the applicable loan covenants as part of the assessment. This assessment included performing sensitivity testing and reverse stress testing of the cash flow forecasts by applying various scenarios to those tests. This assessment did not identify any scenario which the Board consider to be plausible where the Group would either breach its loan covenants or have insufficient liquid funds to continue to operate.

Therefore, having reviewed forecasts and projections, and potential future trading performance variations, the directors have a reasonable expectation that the Group has adequate resources to meet its liabilities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these consolidated financial statements.

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

C Perry

Director

24 August 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 Group for that period.

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

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

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

Independent auditor's report to the members of Ikonic Technology Limited

Opinion

We have audited the financial statements of Ikonic Techonology Limted ('the parent company') and its subsidiaries (the 'group') for the year ended 31st December 2019 which comprise the Consolidated profit and loss account, the Consolidated and Company balance sheet, Consolidated cash flow statement, the Consolidated statement of comprehensive income, the Consolidated and Company statement of changes in equity and the related notes 1 to 24, 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 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 group's and of the parent company's affairs as at 31st December 2019 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 *Auditor's responsibilities for the audit of the financial statements* section of our report below. We are independent of the group and parent 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 – Effects of COVID-19

We draw attention to note 1 and note 23 of the consolidated financial statements which describe the potential economic disruption the group may face as a result of COVID-19. Our opinion is not modified in respect of this matter

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 group's or the parent 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

Independent auditor's report to the members of Ikonic Technology Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 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 strategic report or 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

Independent auditor's report to the members of Ikonic Technology Limited

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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Jamie Dixon *(Senior statutory auditor)*

for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

11 August 2020

Consolidated profit and loss account
For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	72,419,585	67,440,807
Cost of sales		(61,988,174)	(58,958,216)
Gross profit		10,431,411	8,482,591
Administrative expenses		(6,495,568)	(5,223,153)
Distribution costs		(711,717)	(613,862)
Profit before taxation	4	3,224,126	2,645,576
Tax on profit	7	(536,800)	(528,010)
Profit for the financial year		2,687,326	2,117,566

The accompanying notes form an integral part of the financial statements

All activity in the year is derived wholly from continuing operations

Consolidated statement of comprehensive income
For the year ended 31 December 2019

	2019 £	2018 £
Profit for the financial year	2,687,326	2,117,566
Currency translation difference on foreign currency net investments	1,083	1,188
Other comprehensive income	1,083	1,188
Total comprehensive income	2,688,409	2,118,754

Consolidated balance sheet
At 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	11	143,698	-
Goodwill	9	553,749	664,497
Intangible assets	9	23,838	46,247
Tangible assets	10	160,248	246,918
		881,533	957,662
Current assets			
Stocks	12	5,147,457	5,147,534
Debtors	13	9,677,440	8,797,056
Cash at bank and in hand		1,335,165	973,711
Deferred tax asset	17	15,158	14,235
		16,175,220	14,932,536
Creditors: Amounts falling due within one year	14	(8,695,214)	(7,997,068)
Net current assets		7,480,006	6,935,468
Total assets less current liabilities		8,361,539	7,893,130
Creditors: Amounts falling due after more than one year	15	-	(120,000)
Net assets		8,361,539	7,773,130
Capital and reserves			
Called-up share capital	19	850	850
Capital redemption reserve		150	150
Profit and loss reserves		8,360,539	7,772,130
Total equity		8,361,539	7,773,130

The accompanying notes form an integral part of the financial statements

The financial statements of Ikonic Technology Limited (registered number 06752963) were approved by the board of directors and authorised for issue on 11th August 2020. They were signed on its behalf by:

Mr C Perry

Director

Company balance sheet
At 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	11	398,218	253,520
Goodwill	9	553,749	664,497
Intangible assets	9	23,838	46,247
Tangible assets	10	160,248	246,918
		1,136,053	1,211,182
Current assets			
Debtors	13	9,056,668	8,180,154
Stock	12	5,145,111	5,143,979
Cash at bank and in hand		1,055,655	543,104
Deferred tax asset	17	15,158	14,235
		15,272,592	13,881,472
Creditors: Amounts falling due within one year	14	(8,199,597)	(7,318,248)
Net current assets		7,072,995	6,563,224
Total assets less current liabilities		8,209,048	7,774,406
Creditors: Amounts falling due after more than one year	15	-	(120,000)
Net assets		8,209,048	7,654,406
Capital and reserves			
Called-up share capital	19	850	850
Capital redemption reserve		150	150
Profit and loss account		8,208,048	7,653,406
Shareholders' funds		8,209,048	7,654,406

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit for the financial year dealt with in the financial statements of the parent Company was £2,654,642 (2018: £2,110,034).

The financial statements of Ikonic Technology Limited (registered number 06752963) were approved by the board of directors and authorised for issue on 14 August 2020. They were signed on its behalf by

Mr C Perry

Director

Consolidated statement of changes in equity
At 31 December 2019

	Called-up share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
At 1 January 2018	850	150	6,385,688	6,386,688
Profit for the year	-	-	2,117,566	2,117,566
Currency translation differences	-	-	1,188	1,188
Dividends	-	-	(732,312)	(732,312)
At 31 December 2018	850	150	7,772,130	7,773,130
Profit for the year	-	-	2,687,326	2,687,326
Currency translation differences	-	-	1,083	1,083
Dividends	-	-	(2,100,000)	(2,100,000)
At 31 December 2019	850	150	8,360,539	8,361,539

Company statement of changes in equity
At 31 December 2019

	Called-up share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
At 1 January 2018	850	150	6,275,684	6,276,684
Profit for the year	-	-	2,110,034	2,110,034
Other comprehensive income	-	-	-	-
Dividends	-	-	(732,312)	(732,312)
At 31 December 2018	850	150	7,653,406	7,654,406
Profit for the year	-	-	2,654,642	2,654,642
Dividends	-	-	(2,100,000)	(2,100,000)
At 31 December 2019	850	150	8,208,048	8,209,048

Consolidated cash flow statement

For the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	20	3,007,978	2,776,807
Income taxes paid		(781,110)	(411,954)
Net cash flows from operating activities		2,226,868	2,364,853
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(47,000)
Purchases of intangible assets		-	(16,875)
Purchase of investments		(143,698)	-
Net cash flows from investing activities		(143,698)	(63,875)
Cash flows from financing activities			
Invoice discounting		701,204	(866,062)
Dividends paid to equity shareholders		(2,100,000)	(732,312)
Repayment of bank loans		(324,003)	(249,494)
Net cash flows from financing activities		(1,722,799)	(1,847,868)
Net increase in cash and cash equivalents		360,371	453,110
Cash and cash equivalents at beginning of year		973,711	519,413
Effect of foreign exchange rate changes		1,083	1,188
Cash and cash equivalents at end of year		1,335,165	973,711

Notes to the financial statements

For the year ended 31 December 2019

1. Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior period.

General information and basis of accounting

Ikonic Technology Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Directors' Report on pages 5 to 7.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Ikonic Technology Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired are consolidated for the periods from the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going Concern

The Board are required to consider the availability of resources to meet the Group's and Company's liabilities for a period of at least twelve months from the date of approval of these financial statements.

The Group has net current assets of £7,480,006 and net assets of £8,361,539 at the balance sheet date. The group has cash at bank and in hand of £1,335,165 and also has access to adequate short-term financing facilities should it so require.

When performing the going concern assessment, the Board has considered that subsequent to December 31, 2019, there has been a global outbreak of COVID-19 which the World Health Organization has declared a "Public Health Emergency of International Concern". The impact associated with this public health emergency has been significant and continues to evolve.

For Ikonic, the Board expects the most significant potential impact of COVID-19 to be in relation to the level of and phasing of sales throughout the forthcoming period. The increased demand for IT hardware since the pandemic began has provided a noticeable increase to the revenues of the Group however, the Board acknowledges that there is there potential for this to decline throughout the remainder of the forthcoming period.

In response to the COVID-19 pandemic the Group has initiated its business continuity plan to ensure it can operate effectively throughout the forthcoming period. The Group has enhanced the short-term working capital capacity of the business to ensure liquidity is available and trading is maintained. Additionally, a policy of remote working has been implemented across the Group where possible so as to safeguard employees and minimize business disruption. The Group will consider using any relevant government support where appropriate but at the date of signing these financial statements, no such support has been drawn upon.

Notes to the financial statements (continued)

For the year ended 31 December 2019

Going Concern (continued)

The Board has prepared a cash flow forecast to support the going concern assessment covering the period to August 11, 2021 and also considered the Group's ability to comply with the applicable loan covenants as part of the assessment. This assessment included performing sensitivity testing and reverse stress testing of the cash flow forecasts by applying various scenarios to those tests. This assessment did not identify any scenario which the Board consider to be plausible where the Group would either breach its loan covenants or have insufficient liquid funds to continue to operate.

Therefore, having reviewed forecasts and projections, and potential future trading performance variations, the directors have a reasonable expectation that the Group has adequate resources to meet its liabilities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these consolidated financial statements.

Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment. The deferred tax benefit recognised on the intangible assets is included within the goodwill figure and amortised over the useful economic life of the intangible asset on which it is generated.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

Intangible fixed assets are stated at cost less impairments to date. Cost represents purchase price together with any incidental costs of acquisition.

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	10 years straight line
Software	3 years straight line

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	7 years straight line
Motor vehicles	4 years straight line
Fixtures & fittings	3 years straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

Notes to the financial statements (continued)

For the year ended 31 December 2019

Financial instruments (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount, (ii) a positive fixed rate or a positive variable rate, or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment.

Notes to the financial statements (continued)

For the year ended 31 December 2019

Financial instruments (continued)

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Stocks

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

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)

For the year ended 31 December 2019

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Turnover is recognized when significant risks and rewards are considered to have been transferred to the buyer.

Other income

Other income relates to income generated from sources other than through the sales of goods.

Notes to the financial statements (continued)

For the year ended 31 December 2019

Cost of sales

Cost of sales primarily relates to the cost of stock recognized as an expense upon sale.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks;
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

Leases

The Group as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Stock valuation and provisioning
Judgement is required on the adequacy of stock valuation and provisioning. The assessment of estimated selling price can fluctuate as a result of market factors. Furthermore, estimation uncertainty exists from provision requirements for slow-moving inventory, estimating the useful lives of property, plant and equipment.

Notes to the financial statements (continued)

For the year ended 31 December 2019

3. Turnover

Turnover is attributable to the activity of the company disclosed in the Directors' Report on pages 4 to 5

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

Turnover analysed by class of business

	2019	2018
	£	£
Sale of goods	72,419,585	67,440,807
	72,419,585	67,440,807

Turnover analysed by geographical market

	2019	2018
	£	£
UK	41,925,266	39,790,076
Rest of Europe	23,743,257	21,581,058
Rest of the World	6,751,062	6,069,673
	72,419,585	67,440,807

Notes to the financial statements (continued)

For the year ended 31 December 2019

4. Profit before tax

Profit before tax for the year is stated after charging (crediting):

	2019	2018
	£	£
Operating lease expense	147,297	157,817
Foreign currency exchange (gain) loss	141,403	44,944
Depreciation of tangible fixed assets	86,670	97,313
Amortisation of goodwill and other intangibles	133,157	110,748
Cost of stock recognised as an expense	61,801,856	58,810,955

Impairments of fixed assets and intangible assets and impairment of goodwill are included in administrative expenses.

Impairment of stock arose as a result of provision requirements for slow moving inventory and is included within cost of sales.

The analysis of the auditor's remuneration is as follows:

	2019	2018
Fees payable to the company's auditor and its associates	£	£
For audit services		
Audit of the financial statements of the group, company and subsidiaries	37,000	35,000

Fees payable to Ernst & Young LLP and its associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements (continued)

For the year ended 31 December 2019

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	Group		Company	
	2019	2018	2019	2018
Sales & Administration	71	64	71	64
Directors	4	4	4	4
	75	68	75	68

Their aggregate remuneration comprised:

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Wages and salaries	2,824,983	2,347,536	2,702,659	2,255,100
Social security costs	274,856	223,152	274,856	223,152
Other pension costs	221,035	192,561	221,035	192,561
	3,320,874	2,763,249	3,198,550	2,670,813

6. Directors' remuneration and transactions

	2019 £	2018 £
Directors' remuneration		
Remuneration for qualifying services	204,355	184,280
Company contributions to defined contribution pension schemes	5,680	3,626
	210,035	187,906

	Number	Number
The number of directors who:		
Are members of a defined contribution pension scheme	4	4

Notes to the financial statements (continued)
For the year ended 31 December 2019

7. Tax on profit

The tax charge comprises

	2019 £	2018 £
Current tax on profit		
UK corporation tax	617,809	542,032
Adjustment in respect of prior years	(80,086)	19,910
Total current tax	537,723	561,942
Deferred tax		
Origination and reversal of timing differences	(1,031)	(16,653)
Adjustments in respect of previous periods	-	(19,032)
Effect of change in tax rates	108	1,753
Total deferred tax	(923)	(33,932)
Total tax on profit	536,800	528,010

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2019 £	2018 £
Group profit before tax	3,224,126	2,645,576
Tax on Group profit at standard UK corporation tax rate of 19% (2018 19.25%)	612,584	502,660
Effects of:		
- Expenses not deductible for tax purposes	32,064	26,742
- Adjustments in respect of prior years	(80,086)	(906)
- Other tax adjustments	(8,837)	-
- Enhanced R&D deduction	(21,850)	-
- Changes in tax rates	2,925	1,753
- Income not taxable	-	(2,239)
Taxation charge for the year	536,800	528,010

Notes to the financial statements (continued)
For the year ended 31 December 2019

8. Profit attributable to the Company

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet on page 15

9. Intangible fixed assets

Group

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 January 2019	1,661,239	76,226	1,737,465
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	1,661,239	76,226	1,737,465
Amortisation			
At 1 January 2019	996,742	29,979	1,026,721
Charge for the year	110,748	22,409	133,157
Disposals	-	-	-
At 31 December 2019	1,107,490	52,388	1,159,878
Net book value			
At 31 December 2019	553,749	23,838	577,587
At 31 December 2018	664,497	46,247	710,744

Notes to the financial statements (continued)

For the year ended 31 December 2019

9. Intangible fixed assets (continued)

Company

Cost	Goodwill	Software	Total
	£	£	£
At 1 January 2019	802,932	76,226	879,158
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	802,932	76,226	879,158
Amortisation			
At 1 January 2019	138,435	29,979	168,414
Charge for the year	110,748	22,409	133,157
Disposals	-	-	-
At 31 December 2019	249,183	52,388	301,571
Net book value			
At 31 December 2019	553,749	23,838	577,587
At 31 December 2018	664,497	46,247	710,744

Notes to the financial statements (continued)

For the year ended 31 December 2019

10. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2019	213,844	271,592	61,144	546,580
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	213,844	271,592	61,144	546,580
Depreciation				
At 1 January 2019	95,695	142,823	61,144	299,662
Charge for the year	20,548	66,122	-	86,670
Disposals	-	-	-	-
At 31 December 2019	116,243	208,945	61,144	386,332
Net book value				
At 31 December 2019	97,601	62,647	-	160,248
At 31 December 2018	118,149	128,769	-	246,918

Notes to the financial statements (continued)

For the year ended 31 December 2019

10. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2019	213,844	271,592	61,144	546,580
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2018	213,844	271,592	61,144	546,580
Depreciation				
At 1 January 2019	95,696	142,823	61,144	299,662
Charge for the year	20,548	66,122	-	86,670
Disposals	-	-	-	-
At 31 December 2018	116,243	208,945	61,144	386,632
Net book value				
At 31 December 2019	97,601	62,647	-	160,248
At 31 December 2018	118,149	128,769	-	246,918

11. *Fixed asset investments*

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Investments in subsidiaries	-	-	254,520	253,520
Other fixed asset investments	143,698	-	143,698	-
Total	143,698	-	398,218	253,520

Notes to the financial statements (continued)
For the year ended 31 December 2019

11. Fixed assets investments (continued)

Principal Group investments

The parent Company and the Group have investments in the following subsidiary undertakings:

Subsidiary undertakings	Registered office address	Principal activity	Holding	%
Cetra IT Logistics and Services Limited	C/O Legalinx Limited, One Fetter Lane, London, EC4A 1BR	Supply of IT products	Ordinary shares	100
Eurosimm Limited	P16, Parklands, Heywood Distribution Park, Heywood. Lancs, OL10 2TT	Supply of IT products	Ordinary Shares	100
IT Source AS	Cort Adeler Gate 16, 3rd Floor, 0254, Oslo, Norway	Supply of IT products	Ordinary Shares	100
Ikonic B.V.	Bouvigne 20 2, 1083BP, Amsterdam, The Netherlands	Supply of IT products	Ordinary Shares	100

All companies detailed above are included within these consolidated accounts.

For the year ended 31 December 2019 Cetra IT Logistics and Services (company registration number 10058009) were entitled to and took advantage of the exemption from audit under section 479A of the companies act 2006, relating to subsidiary companies.

Movement in fixed asset investments (Company)

	Shares in group undertakings £	Unquoted investments £	Total £
Cost of valuation			
At 1 January 2019	253,520	-	253,520
Additions	1,000	143,698	144,698
At 31 December 2019	254,520	143,698	398,218

Notes to the financial statements (continued)

For the year ended 31 December 2019

12. Stocks

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Finished goods and goods for resale	5,147,457	5,147,534	5,145,111	5,143,979

13. Debtors

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Amounts falling due within one year:				
Trade debtors	8,392,924	7,379,044	7,415,920	6,196,175
Amounts owed by subsidiary undertakings	-	-	415,951	761,083
Prepayments and accrued income	168,060	285,930	151,417	281,112
Unpaid share capital	1,000	1,000	1,000	1,000
Other debtors	1,115,456	1,131,082	1,072,380	940,784
	9,677,440	8,797,056	9,056,668	8,180,154

14. Creditors – amounts falling due within one year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Bank loans and overdrafts	-	204,003	-	204,003
Trade creditors	3,620,370	3,286,459	3,531,493	3,195,450
Amounts due to group undertakings	-	-	250,765	250,568
Corporation tax	13,134	230,253	7,877	130,154
Other creditors	4,473,437	2,707,661	3,643,828	1,763,145
Other taxes and social security costs	-	85,878	190,231	297,670
Accruals and deferred income	588,272	1,482,814	575,403	1,477,258
	8,695,214	7,997,068	8,199,597	7,318,248

Within other creditors there are amounts totaling £1,145,515 (2018 - £214,410) relating to amounts owed to directors, which are interest free and repayable on demand.

Other creditors includes an invoice discounting facility totaling £3,038,160 (2018 - £2,336,959). The invoice discounting balance is secured by a debenture and a floating charge over the assets of the company.

Notes to the financial statements (continued)

For the year ended 31 December 2019

15. Creditors – amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	-	120,000	-	120,000
	-	120,000	-	120,000

Borrowings are repayable as follows.

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts				
Payable after one year	-	120,000	-	120,000
	-	120,000	-	120,000
On demand or within one year	-	204,003	-	204,003
	-	324,003	-	324,003

The bank loans are secured by a debenture comprising fixed and floating charges over all the assets of the group

Amounts falling due after more than one year in the prior period were settled in the current year prior to falling due. Outstanding bank loans have been fully repaid in the period.

Notes to the financial statements (continued)

For the year ended 31 December 2019

16. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Expiry date				
Within one year	168,617	168,617	168,617	168,617
Within one and five years	602,128	626,744	602,128	626,744
In over five years	60,000	204,000	60,000	204,000
	830,744	999,361	830,744	999,361

17. Deferred Tax

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax (assets) liabilities	(15,158)	(14,235)	(15,158)	(14,235)

Deferred tax

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Fixed asset timing differences	17,844	31,732	17,844	31,732
Short term timing differences – trading	(33,002)	(45,967)	(33,002)	(45,967)
	(15,158)	(14,235)	(15,158)	(14,235)

Notes to the financial statements (continued)

For the year ended 31 December 2019

17. Deferred tax (continued)

Movements in the year:	**Group** £	**Company** £
Liability at 1 January 2019	(14,235)	(14,235)
Deferred tax charge to income statement	(923)	(923)
At 31 December 2019	(15,158)	(15,158)

Deferred tax (assets)	**Group** £	**Company** £
Recoverable within 12 months	(33,002)	(33,002)
	(33,002)	(33,002)

Deferred tax liabilities	**Group** £	**Company** £
Payable within 12 months	17,844	17,844
	17,844	17,844

Notes to the financial statements (continued)

For the year ended 31 December 2019

18. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,000	1,000	1,000	1,000
Debt instruments measured at undiscounted amount	9,508,380	8,517,126	8,904,251	7,898,042
Equity instruments measured at amortised cost	143,698	-	143,698	-
Carrying amount of financial liabilities				
Measured at amortised cost	1,145,515	214,410	1,145,515	214,410
Measured at undiscounted amount	7,549,699	7,782,658	7,054,082	7,103,838

19. Called-up share capital and reserves

Ordinary share capital issued and not fully paid	Group and Company	
	2019	2018
	£	£
85,000 'A' ordinary shares of £0.01 each	850	850
	850	850

The profit and loss reserve represents cumulative profits or losses, net of dividends paid.

Notes to the financial statements (continued)
For the year ended 31 December 2019

20. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2019 £	2018 £
Profit for the Year	2,687,326	2,117,566
Adjustment for		
Depreciation	86,670	97,313
Amortisation	133,157	110,748
Taxation charged	536,800	528,010
Movements in working capital		
(Increase) decrease in stocks	(77)	1,434,151
(Increase) decrease in debtors	(880,384)	(1,160,399)
Increase (decrease) in creditors	444,486	(350,582)
Net cash inflow (outflow) from operating activities	3,007,978	2,776,807

21. Employee benefits

The Group operates a defined contribution retirement benefits scheme for all qualifying employees. The total expense charged to the profit or loss account in the year ended 31 December 2019 was £221,035 (2018: £192,561).

22. Related party transactions

Remuneration of key management personnel

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

No guarantees have been given or received.

Dividends totaling £2,100,000 (2018 - £732,312) were paid in the year in respect of shares held by the company's directors.

Other receivables

As at 31st December 2019 there is an other receivable totaling £1,065,483 (2018: £697,603) owed by Harbob Limited, a company owned and controlled by Joshua Goldstone (Company director).

Notes to the financial statements (continued)

For the year ended 31 December 2019

23. Events after the balance sheet date

Share buy-back

In February 2020 the Company purchased 17,000 shares from existing shareholders out of distributable reserves (20% of outstanding share capital with par value of £170). The total purchase price for all shares acquired was £2.2m. The purchased shares were cancelled subsequent to the transaction

The transaction was financed through a new bank loan of £3.1m entered in to by the Company. The loan is repayable over a 3 year term and attracts a market rate of interest. The loan is secured against the assets of the Company

Director loan

In February 2020 the Company loaned Chris Perry (Company director) £940,000. The loan is interest free and has no set maturity term

COVID-19

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 as a pandemic, affecting multiple countries including the UK. The Board has considered the impact of this event on the future operating performance of the Group and the uncertainties that this event may create

The business has instigated its business continuity plan to ensure it can operate effectively alongside the restrictions that are in place whilst adhering to various guidelines, regulations and legislation. The nature of the restrictions imposed by Government, in particular the requirement for the implementation of remote working for a significant number of businesses, has resulted in higher sales in the short term due to the increased demand for IT products and hardware which facilitate remote workings and added network infrastructure capacity

The Group has enhanced the short term working capital capacity of the business to ensure liquidity is available and trading is maintained. Additionally, the Group will consider using any relevant government support where appropriate but at the date of signing these financial statements, no such support has been drawn on

Whilst the impact on the Group's trading performance to date has been positive, there remains a risk that COVID-19 could adversely impact the Group's business or their customers in a manner which could give rise to the need to impair certain of the Group's or Company's, assets

24. Ultimate controlling party

In the opinion of the directors there is no controlling party