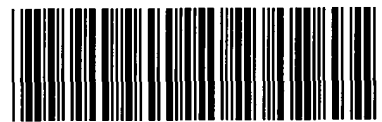


REGISTERED NUMBER: 01397386 (England and Wales)

**Aculab plc**  
**Group Strategic Report,**  
**Report of the Directors and**  
**Consolidated Financial Statements**  
**for the Year Ended 30 June 2017**

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for the Year Ended 30 June 2017**

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**Aculab plc**

**Company Information  
for the Year Ended 30 June 2017**

**DIRECTORS:**

A Pound  
Ms J Charman  
DW Samuel

**SECRETARY:**

Ms J Charman

**REGISTERED OFFICE:**

Lakeside  
Bramley Road  
Mount Farm  
Buckinghamshire  
MK1 1PT

**REGISTERED NUMBER:**

01397386 (England and Wales)

**AUDITORS:**

Nicholsons  
Chartered Accountants  
Statutory Auditors  
1st Floor Bridge House  
25 Fiddlebridge Lane  
Hatfield  
Hertfordshire  
AL10 0SP

**Group Strategic Report  
for the Year Ended 30 June 2017**

The directors present their strategic report of the company and the group for the year ended 30 June 2017.

The principal activity of the group during the year under review was designing, manufacturing and selling computer-telephony products.

**REVIEW OF BUSINESS**

Turnover increased in the year by £1.23m, or 18%, to £8.09m, due to strong demand for the group's software; this increased demand was weighted towards cloud-based solutions, rather than software attached to hardware, which improved the gross profit margin by 5%, to 77%. These favourable variances combined to increase gross profits by £1.28m, to £6.25m. Overheads rose by £280,000, or 6%, to £5.1m, due to an increase in payroll costs and a reduction in foreign exchange gains. Pre-tax profits therefore increased by £1m, to £1.14m; the group will again benefit from repayable research and development tax credits and so has reported post-tax profits of £1.35m (2016: £500,000).

After both a small exchange gain on consolidating the results of its subsidiaries and paying dividends of £100,000, the group retained profits of £1.26m, and so net assets increased by this amount, to £3.66m. This year's profits helped increase net current assets by £1.21m, to £3.77m. Cash also benefited from a reduction in debtors, and increased by £1.83m, to £3.08m.

The group continues to invest substantially in new and innovative products, and the directors are confident that the group is well placed to take advantage of favourable changes in the market for computer-telephony products.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The success of the group will depend on its ability to continue to launch new and desirable products, at the right price, in an ever-advancing technological environment. Though the outlook is positive, sales are monitored closely and contingency plans kept under review, so that action can be taken promptly to address any financial pressures that might arise.

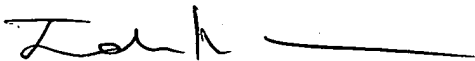
**RESEARCH AND DEVELOPMENT**

Research and development is essential to the group's long-term success and, during the year, £2.54m (2016: £2.52m) was spent in this area.

**FUTURE DEVELOPMENTS**

The directors intend to continue to develop the business' core product areas and to explore new opportunities, both in the UK and overseas.

**BY ORDER OF THE BOARD:**



Ms J Charman - Secretary

19 December 2017

**Report of the Directors  
for the Year Ended 30 June 2017**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2017.

**DIVIDENDS**

Interim dividends of £100,000 (2016: £250,000) were paid during the year; no final dividend is recommended.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

A Pound  
Ms J Charman  
DW Samuel

**FINANCIAL INSTRUMENTS**

The group's principal financial instruments comprise bank balances, trade debtors, taxes payable or recoverable and trade creditors. In respect of these financial instruments, the group's objective is to maximise the cash resources available to fund operations whilst minimising related risks. The group's policies for managing applicable financial risks are outlined below.

Due to the nature of the financial instruments used by the group, there is no exposure to price risk. However, since the group operates internationally, it is exposed to currency risk. To mitigate this risk, sales in foreign currencies are used, where possible, to fund expenditure denominated in the same foreign currency. The group monitors financial markets and seeks to obtain the best possible rates of exchange for foreign currency.

In respect of creditors, liquidity risk is managed by cash flow forecasting, which helps ensure that sufficient funds are available to settle liabilities as they fall due. In respect of trade debtors, cash flow and credit risk are managed through credit control procedures that aim to ensure that debts are collected promptly and in full. Where appropriate, the group makes use of professional advisers to assist with managing credit and cash flow risks. At the balance sheet date, the group's excess cash was held in instant access deposit accounts.

**DISCLOSURE IN THE STRATEGIC REPORT**

As permitted by the Companies Act, the group has chosen to disclose research and development activities and the future development of the business in the Strategic Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

**Report of the Directors  
for the Year Ended 30 June 2017**

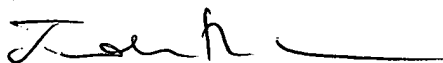
**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**BY ORDER OF THE BOARD:**



Ms J Charman - Secretary

19 December 2017

## **Report of the Independent Auditors to the Members of Aculab plc**

### **Opinion**

We have audited the financial statements of Aculab plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 on pages seven to twenty six. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 June 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **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 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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

## **Report of the Independent Auditors to the Members of Aculab plc**

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages three and four, 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 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.

### **Our 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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

PJ McKay BSc ACA (Senior Statutory Auditor)  
for and on behalf of Nicholson  
Chartered Accountants  
Statutory Auditors  
1st Floor Bridge House  
25 Fiddlebridge Lane  
Hatfield  
Hertfordshire  
AL10 0SP

20 December 2017



**Aculab plc (Registered number: 01397386)**

**Consolidated Income Statement  
for the Year Ended 30 June 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>	<b>3</b>	8,090,367	6,855,890
Cost of sales	C	1,843,690	1,888,643
<b>GROSS PROFIT</b>		6,246,677	4,967,247
Administrative expenses		5,067,233	4,826,204
<b>OPERATING PROFIT</b>	<b>5</b>	1,179,444	141,043
Interest receivable and similar income		221	896
		1,179,665	141,939
Interest payable and similar expenses	6	34,781	825
<b>PROFIT BEFORE TAXATION</b>		1,144,884	141,114
Tax on profit	7	(203,650)	(363,010)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,348,534	504,124
Profit attributable to: Owners of the parent		1,348,534	504,124

The notes form part of these financial statements

**Aculab plc (Registered number: 01397386)**

**Consolidated Other Comprehensive Income  
for the Year Ended 30 June 2017**

	Notes	2017 £	2016 £
<b>PROFIT FOR THE YEAR</b>		1,348,534	504,124
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange differences on translation of net investments in overseas subsidiaries		14,465	39,157
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>14,465</u>	<u>39,157</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>1,362,999</u></u>	<u><u>543,281</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>1,362,999</u></u>	<u><u>543,281</u></u>

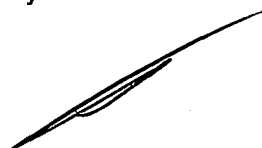
The notes form part of these financial statements

**Aculab plc (Registered number: 01397386)**

**Consolidated Balance Sheet  
30 June 2017**

	Notes	2017	2016
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	95,410	-
Tangible assets	11	126,592	114,018
Investments	12	-	-
		<u>222,002</u>	<u>114,018</u>
<b>CURRENT ASSETS</b>			
Stocks	13	738,559	671,309
Debtors	14	1,487,013	2,018,546
Cash at bank and in hand		3,080,707	1,251,239
		<u>5,306,279</u>	<u>3,941,094</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	1,539,460	1,387,170
<b>NET CURRENT ASSETS</b>		<u>3,766,819</u>	<u>2,553,924</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,988,821</u>	<u>2,667,942</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(142,095)	(102,215)
<b>PROVISIONS FOR LIABILITIES</b>	18	(186,250)	(168,250)
<b>NET ASSETS</b>		<u><u>3,660,476</u></u>	<u><u>2,397,477</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100,000	100,000
Retained earnings		3,560,476	2,297,477
<b>SHAREHOLDERS' FUNDS</b>		<u><u>3,660,476</u></u>	<u><u>2,397,477</u></u>

The financial statements were approved by the Board of Directors on 19 December 2017 and were signed on its behalf by:



A Pound - Director

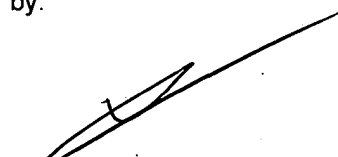
The notes form part of these financial statements

**Aculab plc (Registered number: 01397386)**

**Company Balance Sheet  
30 June 2017**

	Notes	2017	2016
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	95,410	-
Tangible assets	11	120,826	107,175
Investments	12	1	88,601
		<u>216,237</u>	<u>195,776</u>
<b>CURRENT ASSETS</b>			
Stocks	13	738,559	671,309
Debtors	14	1,477,152	2,002,612
Cash at bank and in hand		3,069,028	1,090,231
		<u>5,284,739</u>	<u>3,764,152</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	1,683,443	1,481,826
<b>NET CURRENT ASSETS</b>		<u>3,601,296</u>	<u>2,282,326</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,817,533</u>	<u>2,478,102</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(142,095)	(102,215)
<b>PROVISIONS FOR LIABILITIES</b>	18	(186,250)	(168,250)
<b>NET ASSETS</b>		<u><u>3,489,188</u></u>	<u><u>2,207,637</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100,000	100,000
Retained earnings		3,389,188	2,107,637
<b>SHAREHOLDERS' FUNDS</b>		<u><u>3,489,188</u></u>	<u><u>2,207,637</u></u>
Company's profit for the financial year		<u><u>1,381,550</u></u>	<u><u>494,222</u></u>

The financial statements were approved by the Board of Directors on 19 December 2017 and were signed on its behalf by:

  
A Pound - Director

The notes form part of these financial statements

**Aculab plc (Registered number: 01397386)**

**Consolidated Statement of Changes in Equity  
for the Year Ended 30 June 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2015</b>	100,000	2,004,196	2,104,196
<b>Changes in equity</b>			
Dividends	-	(250,000)	(250,000)
Total comprehensive income	-	543,281	543,281
<b>Balance at 30 June 2016</b>	<u>100,000</u>	<u>2,297,477</u>	<u>2,397,477</u>
<b>Changes in equity</b>			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	1,362,999	1,362,999
<b>Balance at 30 June 2017</b>	<u>100,000</u>	<u>3,560,476</u>	<u>3,660,476</u>

The notes form part of these financial statements

**Aculab plc (Registered number: 01397386)**

**Company Statement of Changes in Equity  
for the Year Ended 30 June 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2015</b>	100,000	1,863,415	1,963,415
<b>Changes in equity</b>			
Dividends	-	(250,000)	(250,000)
Total comprehensive income	-	494,222	494,222
<b>Balance at 30 June 2016</b>	<u>100,000</u>	<u>2,107,637</u>	<u>2,207,637</u>
<b>Changes in equity</b>			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	1,381,550	1,381,550
<b>Balance at 30 June 2017</b>	<u>100,000</u>	<u>3,389,187</u>	<u>3,489,187</u>

The notes form part of these financial statements

**Consolidated Cash Flow Statement  
for the Year Ended 30 June 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,828,701	(109,977)
Interest paid		(34,781)	(825)
Interest received		221	896
Tax refunded		362,650	260,176
<b>Net cash from operating activities</b>		<u>2,156,791</u>	<u>150,270</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(95,410)	-
Purchase of tangible fixed assets		(68,922)	(44,701)
Sale of tangible fixed assets		-	177
Repayment of cash advance		-	40,000
<b>Net cash from investing activities</b>		<u>(164,332)</u>	<u>(4,524)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by a director		-	102,067
Amount withdrawn by a director		(77,456)	-
Equity dividends paid		(100,000)	(250,000)
<b>Net cash from financing activities</b>		<u>(177,456)</u>	<u>(147,933)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,815,003</u>	<u>(2,187)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,251,239	1,214,269
Effect of foreign exchange rate changes		14,465	39,157
<b>Cash and cash equivalents at end of year</b>	2	<u><u>3,080,707</u></u>	<u><u>1,251,239</u></u>

The notes form part of these financial statements

**Aculab plc (Registered number: 01397386)**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2017**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit before taxation	1,144,884	141,114
Depreciation charges	56,348	65,858
Finance costs	34,781	825
Finance income	(221)	(896)
	<u>1,235,792</u>	<u>206,901</u>
(Increase)/decrease in stocks	(67,250)	166,432
Decrease/(increase) in trade and other debtors	372,533	(490,912)
Increase in trade and other creditors	<u>287,626</u>	<u>7,602</u>
<b>Cash generated from operations</b>	<u><u>1,828,701</u></u>	<u><u>(109,977)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 June 2017**

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u><u>3,080,707</u></u>	<u><u>1,251,239</u></u>

**Year ended 30 June 2016**

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u><u>1,251,239</u></u>	<u><u>1,214,269</u></u>

The notes form part of these financial statements



**Notes to the Consolidated Financial Statements  
for the Year Ended 30 June 2017**

**1. STATUTORY INFORMATION**

Aculab plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

These financial statements consolidate the results of Aculab plc and its subsidiaries, Aculab Inc and Aculab GmbH. The consolidated financial statements present the results of the group as if it were a single entity. The entities that comprise the group have been consolidated on a line-by-line basis. On consolidation, investments in subsidiary undertakings, balances between group companies and transactions between group companies have been eliminated. All group entities have adopted uniform accounting policies and have the same balance sheet date.

**Revenue recognition**

Revenue is derived from the sale of computer-telephony hardware, software and related services. It excludes discounts, rebates and value added tax and is recorded at the value of the consideration received or receivable.

Revenue from:

- i) the sale of hardware is recognised when shipped to customers;
- ii) the sale of software is recognised when customers can access the software;
- iii) the provision of computer-telephony services over the cloud is recognised as they are used;
- iv) support contracts is recognised evenly over the term of the contract; at the balance sheet date, income pertaining to the unexpired portions of contracts is deferred; and
- v) the provision of other services is recognised according to the stage of completion.

**Intangible assets**

Intangible assets represent computer software acquired from, or developed by, third party suppliers. Computer software is initially measured at cost. After initial recognition, computer software is measured at cost less accumulated amortisation and accumulated impairment provisions. Computer software is amortised evenly over its estimated useful life, which is five years from the date it is first brought into use.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- over the duration of the lease
Plant and machinery	- 25% on cost and 20% on cost
Fixtures and fittings	- 20% on cost and 10% on cost
Motor vehicles	- 20% on cost
Computer equipment	- over 3 to 6 years on cost

Tangible fixed assets are stated at cost less accumulated depreciation and provisions for impairment.

**Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items. Cost represents the direct cost of materials, services and labour, plus an attributable proportion of manufacturing overheads based on normal levels of activity.

Provisions for obsolete and slow moving stock are determined by reviewing sales in the previous twelve months and forecasts for the coming year.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

2. ACCOUNTING POLICIES - continued

**Taxation**

Current tax, including UK corporation tax and foreign tax, is included at the amount expected to be recoverable (or payable) using tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date. As indicated in Note 7, some of the group's research and development activities qualify for enhanced tax relief in the United Kingdom. Claims for enhanced relief by the group usually give rise to a tax loss and the group generally takes advantage of an option that permits it to exchange these losses for a tax repayment.

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, or less, tax in the future have occurred by the balance sheet date. Timing differences are differences between the group's taxable profits and its accounting profits in so far as they arise from the inclusion of gains and losses in tax assessments for periods that differ from the periods for which those same items are included in the financial statements. Unrelieved losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, they are believed to be recoverable.

**Research and development**

Expenditure on research and development is written-off in the year in which it is incurred.

**Foreign currencies**

The financial statements are presented in GB Pounds Sterling ('Sterling'), which is the functional currency of the company. Foreign currency transactions and balances have been translated into Sterling on the following bases:

- a. Group companies that use Sterling as their functional currency translate transactions in foreign currencies at the rate of exchange on the date the transaction occurred. Monetary assets and liabilities denominated in other currencies are translated at the rate prevailing at the balance sheet date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.
- b. The results of group companies that do not use Sterling as their functional currency are consolidated as follows: assets and liabilities are translated into Sterling at the rates of exchange prevailing at the balance sheet date; revenue and expenditure items are translated into Sterling using average rates of exchange for the period; exchange differences that arise during consolidation are reported as 'other comprehensive income'.

**Employee benefits**

Short-term employee benefits, including entitlements to holiday pay, are recognised as expenses in the period in which they are incurred.

The obligations to make contributions to defined contribution schemes are recognised as expenses in the period they are incurred. The assets of these schemes are held separately from those of the group in independently administered funds.

**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 amount needed to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Estimates of related cash outflows are included at present value when the effect of the time value of money is material.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

2. ACCOUNTING POLICIES - continued

Measurement of financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at the transaction value and thereafter at transaction value less provisions for bad and doubtful debts. If the effect of discounting is material, the debtor is stated at its amortised value using the effective interest method, less provisions for bad and doubtful debts.

Trade and other creditors

Trade and other creditors are recognised initially at the transaction value, unless the effect of discounting is material, in which case the creditor is stated at its amortised value using the effective interest method.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2017 £	2016 £
Sale of goods	4,596,082	4,042,179
Provision of services	3,494,285	2,813,711
	<u>8,090,367</u>	<u>6,855,890</u>

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
Sales - UK	1,270,527	1,628,366
Sales - EC (excluding UK)	1,409,016	1,057,274
Sales - Non EC	5,410,824	4,170,250
	<u>8,090,367</u>	<u>6,855,890</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	3,251,815	3,132,677
Social security costs	364,398	346,636
Other pension costs	327,972	307,544
	<u>3,944,185</u>	<u>3,786,857</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

4. **EMPLOYEES AND DIRECTORS - continued**

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

	2017	2016
Research & development	40	41
Production	11	12
Sales	15	15
Office & management	13	14
	<u>79</u>	<u>82</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 5.

	2017 £	2016 £
Directors' remuneration	16,400	22,400
Directors' pension contributions to money purchase schemes	-	52,719
	<u>-</u>	<u>52,719</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2017	2016
Money purchase schemes	<u>2</u>	<u>3</u>

5. **OPERATING PROFIT**

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

	2017 £	2016 £
Depreciation - owned assets	56,348	65,857
Auditors' remuneration	10,000	10,000
Taxation compliance services	18,000	3,000
Other non-audit services	7,900	7,900
Foreign exchange differences	(26,418)	(136,388)
Operating lease charges - land and buildings	211,605	205,258
Research & development	<u>2,542,926</u>	<u>2,517,563</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017 £	2016 £
Other interest	<u>34,781</u>	<u>825</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

7. TAXATION

**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
Repayable research and development tax credits	(211,410)	(370,256)
Overseas subsidiary taxation	<u>7,760</u>	<u>7,246</u>
Tax on profit	<u>(203,650)</u>	<u>(363,010)</u>

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	<u>1,144,884</u>	<u>141,114</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%)	226,115	28,223
Effects of:		
Expenses not deductible for tax purposes	5,377	3,971
Capital allowances in excess of depreciation	(26,141)	(1,428)
Enhanced tax relief for research and development expenditure	(493,672)	(518,242)
Encashment of research and development tax credits	76,870	140,345
Tax relief for provision for holiday pay on adoption of FRS 102	-	(19,696)
Effect of overseas rates of tax that differ from the UK rate of tax	<u>7,801</u>	<u>3,817</u>
Total tax credit	<u>(203,650)</u>	<u>(363,010)</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	2017 Tax £	Net £
Foreign exchange differences on translation of net investments in overseas subsidiaries	14,465	-	14,465
	<u>14,465</u>	<u>-</u>	<u>14,465</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

7. TAXATION - continued

	Gross £	2016 Tax £	Net £
Foreign exchange differences on translation of net investments in overseas subsidiaries	39,157	-	39,157
	<u>39,157</u>	<u>-</u>	<u>39,157</u>

The group spends significantly on research and development activities and qualifies for enhanced tax relief in the United Kingdom. For the year under review, the group made a taxable loss and the directors have decided to exchange as much of this loss as possible for a repayment of United Kingdom corporation tax. For the year, the repayment will amount to £206,000 (2016: £370,000). The group expects to benefit from the availability of enhanced tax relief on qualifying research and development activities for the foreseeable future.

Aculab plc has unrelieved tax losses available to reduce the tax payable on future trading profits. At 30 June 2017, these tax losses amounted to approximately £1.4m, which could reduce future tax liabilities by up to £260,000. The directors are not able to forecast future profits with certainty and consequently feel it would not be prudent to recognise the tax losses as a deferred tax asset.

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2017 £	2016 £
Interim	<u>100,000</u>	<u>250,000</u>

10. INTANGIBLE FIXED ASSETS

<b>Group</b>	
	Computer software £
<b>COST</b>	
Additions	<u>95,410</u>
At 30 June 2017	<u>95,410</u>
<b>NET BOOK VALUE</b>	
At 30 June 2017	<u>95,410</u>

The development of the software referred to above had not been completed by the balance sheet date; as the software was not in use, no amortisation was charged.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

10. INTANGIBLE FIXED ASSETS - continued

Company

	Computer software £
<b>COST</b>	
Additions	95,410
At 30 June 2017	95,410
<b>NET BOOK VALUE</b>	
At 30 June 2017	95,410

11. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 July 2016	583,505	642,331	410,312
Additions	3,230	-	133
Disposals	-	(14,309)	(23,427)
At 30 June 2017	586,735	628,022	387,018
<b>DEPRECIATION</b>			
At 1 July 2016	513,810	642,176	404,979
Charge for year	23,964	105	1,490
Eliminated on disposal	-	(14,309)	(23,427)
At 30 June 2017	537,774	627,972	383,042
<b>NET BOOK VALUE</b>			
At 30 June 2017	48,961	50	3,976
At 30 June 2016	69,695	155	5,333

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

11. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 July 2016	7,899	2,549,811	4,193,858
Additions	-	65,559	68,922
Disposals	-	(22,380)	(60,116)
At 30 June 2017	7,899	2,592,990	4,202,664
<b>DEPRECIATION</b>			
At 1 July 2016	5,899	2,512,976	4,079,840
Charge for year	-	30,789	56,348
Eliminated on disposal	-	(22,380)	(60,116)
At 30 June 2017	5,899	2,521,385	4,076,072
<b>NET BOOK VALUE</b>			
At 30 June 2017	2,000	71,605	126,592
At 30 June 2016	2,000	36,835	114,018

Company

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 July 2016	581,894	618,459	366,614
Additions	3,229	-	-
At 30 June 2017	585,123	618,459	366,614
<b>DEPRECIATION</b>			
At 1 July 2016	512,199	618,302	366,157
Charge for year	23,963	105	336
At 30 June 2017	536,162	618,407	366,493
<b>NET BOOK VALUE</b>			
At 30 June 2017	48,961	52	121
At 30 June 2016	69,695	157	457



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017**

**11. TANGIBLE FIXED ASSETS - continued**

**Company**

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 July 2016	7,899	2,515,101	4,089,967
Additions	-	65,559	68,788
	<hr/>	<hr/>	<hr/>
At 30 June 2017	7,899	2,580,660	4,158,755
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 July 2016	5,899	2,480,238	3,982,795
Charge for year	-	30,730	55,134
	<hr/>	<hr/>	<hr/>
At 30 June 2017	5,899	2,510,968	4,037,929
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 30 June 2017	2,000	69,692	120,826
	<hr/>	<hr/>	<hr/>
At 30 June 2016	2,000	34,863	107,172
	<hr/>	<hr/>	<hr/>

**12. FIXED ASSET INVESTMENTS**

**Company**

	Unlisted investments £
<b>COST</b>	
At 1 July 2016	88,601
Disposals	(88,600)
	<hr/>
At 30 June 2017	1
	<hr/>
<b>NET BOOK VALUE</b>	
At 30 June 2017	1
	<hr/>
At 30 June 2016	88,601
	<hr/>

During the year, the voluntary liquidation of Aculab GmbH was completed and the investment in its ordinary share capital was returned. At the balance sheet date, the company owned the entire capital of Aculab Inc and had no other fixed asset investments. Aculab Inc is incorporated in the USA and provides local sales and marketing services to its parent.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

13. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Component stock	374,669	335,369	374,669	335,369
Work in process	120,179	115,493	120,179	115,493
Finished goods	243,711	220,447	243,711	220,447
	<u>738,559</u>	<u>671,309</u>	<u>738,559</u>	<u>671,309</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	883,457	1,296,820	883,457	1,296,820
Other debtors	91,413	74,279	91,413	71,702
Repayable research and development tax credits	211,000	370,000	211,000	370,000
Prepayments and accrued income	301,143	277,447	291,282	264,090
	<u>1,487,013</u>	<u>2,018,546</u>	<u>1,477,152</u>	<u>2,002,612</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	408,004	308,027	407,268	307,881
Social security and other taxes	76,595	78,360	76,595	78,360
Other creditors	42,096	3,750	39,288	1,071
Owed to group undertakings	-	-	189,722	167,131
Director's current account	28,471	105,927	28,471	105,927
Accrued expenses	984,294	891,106	942,099	821,456
	<u>1,539,460</u>	<u>1,387,170</u>	<u>1,683,443</u>	<u>1,481,826</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accruals and deferred income	<u>142,095</u>	<u>102,215</u>	<u>142,095</u>	<u>102,215</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017**

**Group**

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	210,000	208,000
Between one and five years	449,000	652,000
	<u>659,000</u>	<u>860,000</u>

**Company**

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	170,000	170,000
Between one and five years	340,000	509,000
	<u>510,000</u>	<u>679,000</u>

**18. PROVISIONS FOR LIABILITIES**

The company has a contractual obligation to make good its leasehold premises when these are vacated. The lease for the premises is due to expire in 2025 and the cost of the dilapidations will not be known until a decision has been taken to vacate the premises and the necessary work agreed with the landlord. Nonetheless, the directors have assessed the obligation for dilapidations at the balance sheet date and have increased the previous year's provision for dilapidations by £18,000, to £186,250 (2016: £168,250).

**19. CALLED UP SHARE CAPITAL**

Allotted and issued:			2017	2016
Number:	Class:	Nominal value:	£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

**20. PENSION COMMITMENTS**

The company contributes to a pension fund for the benefit of a director and his dependants. Payments made into the scheme are charged immediately against revenue. No contributions were made during the year. The scheme operates on the money purchase principle, which ensures that its liabilities to its members cannot exceed its assets.

The group also contributes to a number of personal pension schemes for the benefit of its employees (including other directors). Payments made into these schemes are charged immediately against revenue. The schemes operate on the money purchase principle, which ensures that their liabilities cannot exceed their assets. For the year, contributions of £327,972 (2016: £307,544) were payable by the group; at the balance sheet date, the group owed pension contributions of £28,536 (2016: £2,557), which have been paid since the year-end.

**21. ULTIMATE CONTROLLING PARTY**

The company is controlled by Mr A Pound.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2017

22. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted but not provided for in the financial statements	-	42,000

The whole of the previous year's capital commitment related to the company.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided by Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions with wholly-owned subsidiaries.

Transactions between group entities which have been eliminated on consolidation are not disclosed in the financial statements.

During the year, the Company:

- i) paid dividends of £100,000 (2016: £250,000) to a director;
- ii) repaid £77,456 to (2016: borrowed £102,067 from) a director; at the balance sheet date this director was owed £28,471 (2016: £105,927);
- iii) was charged interest of £14,000 (2016: £20,000), at 15% per annum, by a director on the loan mentioned above;
- iv) was charged £26,000 (2016: £19,000) for aviation services, and was owed £60,000 (2016: £60,000) at the balance sheet date, by a company in which a director has an interest;
- v) was charged £508,479 (2016: £510,000) for software development services by companies in which the directors and/or their close family members have interests; at the balance sheet date, these companies were owed £24,632 (2016: £1,703); and
- vi) paid emoluments totalling £16,400 (2016: £75,119) to key management.

Except as noted, the loans mentioned above are interest-free, unsecured and repayable on demand.