

**REGISTERED NUMBER: 01397386 (England and Wales)**

**Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 30 June 2019  
for  
Aculab plc**

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for the Year Ended 30 June 2019**

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**Aculab plc**  
**Company Information**  
**for the Year Ended 30 June 2019**

**DIRECTORS:** A Pound  
J Charman  
Dr L Baghai-Ravary

**SECRETARY:** 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 2019**

The directors present their strategic report of the company and the group for the year ended 30 June 2019.

**REVIEW OF BUSINESS**

Turnover increased in the year by £810,000, or 12%, to £7.7m, due to an increase in both hardware and software sales. Along with the rise in turnover, there was a 1% improvement in the gross profit margin, to 79%. The combined effect of the increased turnover and margin was a rise in gross profits of £735,000, to £6.1m. With overheads increasing by only £103,000, or 2%, to £5.1m, pre-tax profits rose by £661,000, to £1.1m. The group will again benefit from repayable research and development tax credits and so has reported post-tax profits of £1.2m (2018: £710,000).

After a £7,000 exchange gain on consolidating the results of its subsidiary and paying dividends of £112,000, the group retained profits of £1.1m; net assets therefore increased by this amount, to £5.4m. This year's profits increased net current assets by £1.4m, to £6.1m; cash fell by £700,000, to £3.6m.

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 the anticipated 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 sell new and desirable products in an ever-advancing technological environment. Though the outlook is positive, sales are monitored closely and contingency plans maintained in case action needs to be taken in response to financial pressures.

**RESEARCH AND DEVELOPMENT**

Research and development is essential to the group's long-term success and, during the year, £2.0m (2018: £2.1m) 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:**

J Charman - Secretary

13 December 2019

**Report of the Directors  
for the Year Ended 30 June 2019**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the design, manufacture and sale of computer-telephony products.

**DIVIDENDS**

Interim dividends of £112,000 (2018: £80,500) 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 2018 to the date of this report.

A Pound  
J Charman  
Dr L Baghai-Ravary

Other changes in directors holding office are as follows:

DW Samuel ceased to be a director after 30 June 2019 but prior to the date of this report.

**FINANCIAL INSTRUMENTS**

The group's principal financial instruments comprise bank balances, trade debtors and creditors, and taxes payable or recoverable. In respect of these financial instruments, the group's objective is to maximise the cash resources available to fund operations, while 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 disclosed research and development activities and the future development of the business in the Strategic Report.

**Report of the Directors  
for the Year Ended 30 June 2019**

**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.

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.

**AUDITORS**

The auditors, Nicholsons, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**BY ORDER OF THE BOARD:**

J Charman - Secretary

13 December 2019

## **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 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 June 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 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the 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 page 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.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

### **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 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.

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

13 December 2019



**Consolidated Income Statement  
for the Year Ended 30 June 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	3	7,748,562	6,938,421
Cost of sales		<u>1,606,565</u>	<u>1,531,315</u>
<b>GROSS PROFIT</b>		6,141,997	5,407,106
Administrative expenses		<u>5,110,736</u>	<u>5,004,910</u>
		1,031,261	402,196
Other operating income		<u>-</u>	<u>51</u>
<b>OPERATING PROFIT</b>	5	1,031,261	402,247
Interest receivable and similar income		<u>35,416</u>	<u>5,570</u>
<b>PROFIT BEFORE TAXATION</b>		1,066,677	407,817
Tax on profit	7	<u>(135,423)</u>	<u>(302,648)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,202,100</u>	<u>710,465</u>
Profit attributable to: Owners of the parent		<u>1,202,100</u>	<u>710,465</u>

**Consolidated Other Comprehensive Income  
for the Year Ended 30 June 2019**

	Notes	2019 £	2018 £
<b>PROFIT FOR THE YEAR</b>		1,202,100	710,465
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange differences on translation of net investments in overseas subsidiaries		7,180	(2,428)
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>7,180</u>	<u>(2,428)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,209,280</u>	<u>708,037</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,209,280</u>	<u>708,037</u>

**Consolidated Balance Sheet**  
**30 June 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		102,232		128,752
Tangible assets	11		109,086		107,372
Investments	12		-		-
			<u>211,318</u>		<u>236,124</u>
<b>CURRENT ASSETS</b>					
Stocks	13	510,235		715,244	
Debtors	14	3,449,833		1,045,992	
Cash at bank and in hand		<u>3,569,797</u>		<u>4,264,922</u>	
		7,529,865		6,026,158	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>1,431,524</u>		<u>1,315,312</u>	
<b>NET CURRENT ASSETS</b>			<u>6,098,341</u>		<u>4,710,846</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,309,659		4,946,970
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(720,116)		(454,707)
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>(204,250)</u>		<u>(204,250)</u>
<b>NET ASSETS</b>			<u>5,385,293</u>		<u>4,288,013</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		100,000		100,000
Retained earnings			<u>5,285,293</u>		<u>4,188,013</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>5,385,293</u>		<u>4,288,013</u>

The financial statements were approved by the Board of Directors on 13 December 2019 and were signed on its behalf by:

A Pound - Director

**Company Balance Sheet**  
**30 June 2019**

	Notes	2019 £	£	2018 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		102,232		128,752
Tangible assets	11		106,613		103,245
Investments	12		<u>1</u>		<u>1</u>
			208,846		231,998
<b>CURRENT ASSETS</b>					
Stocks	13	510,235		715,244	
Debtors	14	3,440,126		1,036,939	
Cash at bank and in hand		<u>3,388,579</u>		<u>4,154,473</u>	
		7,338,940		5,906,656	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>1,452,901</u>		<u>1,383,512</u>	
<b>NET CURRENT ASSETS</b>			5,886,039		4,523,144
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,094,885		4,755,142
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(720,116)		(454,707)
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>(204,250)</u>		<u>(204,250)</u>
<b>NET ASSETS</b>			<u>5,170,519</u>		<u>4,096,185</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		100,000		100,000
Retained earnings			<u>5,070,519</u>		<u>3,996,185</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>5,170,519</u>		<u>4,096,185</u>
Company's profit for the financial year			<u>1,186,334</u>		<u>687,497</u>

The financial statements were approved by the Board of Directors on 13 December 2019 and were signed on its behalf by:

A Pound - Director

**Consolidated Statement of Changes in Equity  
for the Year Ended 30 June 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2017</b>	100,000	3,560,476	3,660,476
<b>Changes in equity</b>			
Dividends	-	(80,500)	(80,500)
Total comprehensive income	-	708,037	708,037
<b>Balance at 30 June 2018</b>	100,000	4,188,013	4,288,013
<b>Changes in equity</b>			
Dividends	-	(112,000)	(112,000)
Total comprehensive income	-	1,209,280	1,209,280
<b>Balance at 30 June 2019</b>	100,000	5,285,293	5,385,293

**Company Statement of Changes in Equity  
for the Year Ended 30 June 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2017</b>	100,000	3,389,188	3,489,188
<b>Changes in equity</b>			
Dividends	-	(80,500)	(80,500)
Total comprehensive income	-	687,497	687,497
<b>Balance at 30 June 2018</b>	100,000	3,996,185	4,096,185
<b>Changes in equity</b>			
Dividends	-	(112,000)	(112,000)
Total comprehensive income	-	1,186,334	1,186,334
<b>Balance at 30 June 2019</b>	100,000	5,070,519	5,170,519

**Consolidated Cash Flow Statement  
for the Year Ended 30 June 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	223,370	1,135,714
Interest received		35,416	5,570
Taxation receipt		294,644	204,648
Net cash from operating activities		<u>553,430</u>	<u>1,345,932</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(37,198)
Purchase of tangible fixed assets		<u>(60,207)</u>	<u>(48,317)</u>
Net cash from investing activities		<u>(60,207)</u>	<u>(85,515)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		-	6,635
Amount withdrawn by directors		(1,082,806)	-
Equity dividends paid		<u>(112,000)</u>	<u>(80,500)</u>
Net cash from financing activities		<u>(1,194,806)</u>	<u>(73,865)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(701,583)</u>	<u>1,186,552</u>
<b>Cash and cash equivalents at beginning of year</b>	2	4,264,922	3,080,707
Effect of foreign exchange rate changes		<u>6,458</u>	<u>(2,337)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u>3,569,797</u>	<u>4,264,922</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2019

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

	2019 £	2018 £
Profit before taxation	1,066,677	407,817
Depreciation charges	85,735	71,302
Finance income	(35,416)	(5,570)
	<u>1,116,996</u>	<u>473,549</u>
Decrease in stocks	205,009	23,315
(Increase)/decrease in trade and other debtors	(1,507,522)	539,021
Increase in trade and other creditors	408,887	99,829
<b>Cash generated from operations</b>	<u>223,370</u>	<u>1,135,714</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 2019**

	30.6.19 £	1.7.18 £
Cash and cash equivalents	<u>3,569,797</u>	<u>4,264,922</u>

**Year ended 30 June 2018**

	30.6.18 £	1.7.17 £
Cash and cash equivalents	<u>4,264,922</u>	<u>3,080,707</u>



**Notes to the Consolidated Financial Statements  
for the Year Ended 30 June 2019**

**1. STATUTORY INFORMATION**

Aculab plc is a private company, 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 subsidiary Aculab Inc. 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.

**Significant judgements and estimates**

Estimates and judgements regarding the likely outcome of future events are made after reviewing historical data and assessing all other relevant information.

It is possible that new information could come to light that might result in material adjustments to the dilapidations provision included in these financial statements and described in Note 18. When assessing the adequacy of the dilapidations provision, factors such as the expected date of vacation of the premises and the likely future costs of returning the property to a condition satisfactory to the landlord, along with correspondence with the landlord, are considered.

**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 third party suppliers, which is initially measured at cost. After initial recognition, computer software is measured at cost less accumulated amortisation. Computer software is amortised evenly over its estimated useful life, which is generally 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.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued**

**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.

**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 cash.

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 they are believed to be recoverable, based on all available evidence.

**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.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**2. ACCOUNTING POLICIES - continued****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.

**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:

	2019	2018
	£	£
Sale of goods	3,446,491	2,792,681
Sale of services	4,302,071	4,145,740
	<u>7,748,562</u>	<u>6,938,421</u>

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
Sales - UK	997,042	992,436
Sales - EC (excluding UK)	649,441	742,710
Sales - Non EC	6,102,079	5,203,275
	<u>7,748,562</u>	<u>6,938,421</u>

**4. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	3,147,785	3,184,118
Social security costs	357,387	355,830
Other pension costs	359,462	350,926
	<u>3,864,634</u>	<u>3,890,874</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 20194. **EMPLOYEES AND DIRECTORS - continued**

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

	2019	2018
Research & development	38	38
Production	9	11
Sales	15	14
Office & management	14	13
	<u>76</u>	<u>76</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 5 (2018 - 5) .

	2019 £	2018 £
Directors' remuneration	<u>28,933</u>	<u>16,400</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

5. **OPERATING PROFIT**

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

	2019 £	2018 £
Depreciation - owned assets	59,214	67,444
Computer software amortisation	26,520	3,856
Foreign exchange differences	(85,351)	(18,933)
Operating lease charges - land and buildings	214,644	209,595
Research & development	<u>2,024,000</u>	<u>2,132,000</u>

6. **AUDITORS' REMUNERATION**

	2019 £	2018 £
Fees payable to the company's auditors for the audit of the company's financial statements	<u>10,000</u>	<u>10,000</u>
Total audit fees	<u>10,000</u>	<u>10,000</u>
Taxation compliance services	3,000	3,000
Other non-audit services	<u>10,200</u>	<u>10,200</u>
Total non-audit fees	<u>13,200</u>	<u>13,200</u>
Total fees payable	<u>23,200</u>	<u>23,200</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**7. TAXATION****Analysis of the tax credit**

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

	2019 £	2018 £
Current tax:		
Repayable research and development tax credits	(146,240)	(307,796)
Overseas subsidiary taxation	<u>10,817</u>	<u>5,148</u>
Tax on profit	<u>(135,423)</u>	<u>(302,648)</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:

	2019 £	2018 £
Profit before tax	<u>1,066,677</u>	<u>407,817</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	202,669	77,485
Effects of:		
Expenses not deductible for tax purposes	1,649	(2,213)
Capital allowances in excess of depreciation	-	(7,127)
Depreciation in excess of capital allowances	2,163	-
Enhanced tax relief for research and development expenditure	(392,213)	(467,402)
Encashment of research and development tax credits	43,888	96,803
Effect of overseas rates of tax that differ from the UK rate of tax	<u>6,421</u>	<u>(194)</u>
Total tax credit	<u>(135,423)</u>	<u>(302,648)</u>

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

	2019 Gross £	Tax £	Net £
Foreign exchange differences on translation of net investments in overseas subsidiaries	<u>7,180</u>	-	<u>7,180</u>
	<u>7,180</u>	-	<u>7,180</u>
	2018 Gross £	Tax £	Net £
Foreign exchange differences on translation of net investments in overseas subsidiaries	<u>(2,428)</u>	-	<u>(2,428)</u>
	<u>(2,428)</u>	-	<u>(2,428)</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

7. **TAXATION - continued**

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 with HMRC for cash. For the year, the repayment will amount to £146,000 (2018: £309,000). 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 2019, these tax losses amounted to approximately £1.4m (2018: £1.4m), which could reduce future tax liabilities by up to £260,000 (2018: £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**

	2019 £	2018 £
Interim	<u>112,000</u>	<u>80,500</u>

10. **INTANGIBLE FIXED ASSETS**

**Group**

**COST**

At 1 July 2018  
and 30 June 2019

Computer  
software  
£

132,608

**AMORTISATION**

At 1 July 2018  
Amortisation for year  
At 30 June 2019

3,856

26,520

30,376

**NET BOOK VALUE**

At 30 June 2019  
At 30 June 2018

102,232

128,752

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

## 10. INTANGIBLE FIXED ASSETS - continued

## Company

	Computer software £
<b>COST</b>	
At 1 July 2018 and 30 June 2019	<u>132,608</u>
<b>AMORTISATION</b>	
At 1 July 2018	3,856
Amortisation for year	<u>26,520</u>
At 30 June 2019	<u>30,376</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>102,232</u>
At 30 June 2018	<u>128,752</u>

## 11. TANGIBLE FIXED ASSETS

## Group

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 July 2018	587,240	627,905	386,770
Additions	6,069	1,110	-
Exchange differences	86	373	795
At 30 June 2019	<u>593,395</u>	<u>629,388</u>	<u>387,565</u>
<b>DEPRECIATION</b>			
At 1 July 2018	562,572	627,905	384,176
Charge for year	5,640	37	1,234
Exchange differences	84	375	719
At 30 June 2019	<u>568,296</u>	<u>628,317</u>	<u>386,129</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>25,099</u>	<u>1,071</u>	<u>1,436</u>
At 30 June 2018	<u>24,668</u>	<u>-</u>	<u>2,594</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

## 11. TANGIBLE FIXED ASSETS - continued

## Group

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 July 2018	7,899	2,641,191	4,251,005
Additions	-	53,028	60,207
Exchange differences	-	1,114	2,368
At 30 June 2019	<u>7,899</u>	<u>2,695,333</u>	<u>4,313,580</u>
<b>DEPRECIATION</b>			
At 1 July 2018	5,899	2,563,081	4,143,633
Charge for year	1,580	50,723	59,214
Exchange differences	-	469	1,647
At 30 June 2019	<u>7,479</u>	<u>2,614,273</u>	<u>4,204,494</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>420</u>	<u>81,060</u>	<u>109,086</u>
At 30 June 2018	<u>2,000</u>	<u>78,110</u>	<u>107,372</u>

## Company

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 July 2018	585,123	618,459	366,614
Additions	6,070	1,110	-
At 30 June 2019	<u>591,193</u>	<u>619,569</u>	<u>366,614</u>
<b>DEPRECIATION</b>			
At 1 July 2018	560,454	618,459	366,615
Charge for year	5,640	37	-
At 30 June 2019	<u>566,094</u>	<u>618,496</u>	<u>366,615</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>25,099</u>	<u>1,073</u>	<u>(1)</u>
At 30 June 2018	<u>24,669</u>	<u>-</u>	<u>(1)</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

11. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 July 2018	7,899	2,628,237	4,206,332
Additions	-	53,329	60,509
At 30 June 2019	<u>7,899</u>	<u>2,681,566</u>	<u>4,266,841</u>
<b>DEPRECIATION</b>			
At 1 July 2018	5,899	2,551,660	4,103,087
Charge for year	1,580	49,884	57,141
At 30 June 2019	<u>7,479</u>	<u>2,601,544</u>	<u>4,160,228</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>420</u>	<u>80,022</u>	<u>106,613</u>
At 30 June 2018	<u>2,000</u>	<u>76,577</u>	<u>103,245</u>

12. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
<b>COST</b>	
At 1 July 2018 and 30 June 2019	<u>1</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>1</u>
At 30 June 2018	<u>1</u>

At the balance sheet date, the company owned the entire share 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. The Aculab Inc was directly owned by the parent company and included in the consolidation.

The registered office address of Aculab Inc is 100 River Ridge Drive, Ste 101, Norwood, MA 02062.

13. STOCKS

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Component stock	215,573	251,893	215,573	251,893
Work in process	69,826	-	69,826	-
Finished goods	<u>224,836</u>	<u>463,351</u>	<u>224,836</u>	<u>463,351</u>
	<u>510,235</u>	<u>715,244</u>	<u>510,235</u>	<u>715,244</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,777,597	343,219	1,777,597	343,219
Other debtors	60,128	59,490	60,128	59,490
Loan to directors	1,055,540	-	1,055,540	-
Repayable research and development tax credits	149,779	309,000	149,779	309,000
VAT	48,054	-	48,054	-
Prepayments and accrued income	358,735	334,283	349,028	325,230
	<u>3,449,833</u>	<u>1,045,992</u>	<u>3,440,126</u>	<u>1,036,939</u>

Details for the loans owed by the directors are described under note 22 to these accounts.

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	209,223	199,182	203,069	197,423
Social security and other taxes	72,760	83,050	72,760	83,050
Other creditors	31,765	29,080	31,765	26,875
Owed to group undertakings	-	-	144,798	156,782
Directors' current accounts	7,840	35,106	7,840	35,106
Deferred income	769,945	657,484	769,945	657,484
Accrued expenses	339,991	311,410	222,724	226,792
	<u>1,431,524</u>	<u>1,315,312</u>	<u>1,452,901</u>	<u>1,383,512</u>

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

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Deferred income	<u>720,116</u>	<u>454,707</u>	<u>720,116</u>	<u>454,707</u>

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Non-cancellable operating leases</b>	
	2019	2018
	£	£
Within one year	212,477	210,002
Between one and five years	<u>42,677</u>	<u>240,154</u>
	<u>255,154</u>	<u>450,156</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 30 June 2019**

**17. LEASING AGREEMENTS - continued****Company**

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	169,800	169,800
Between one and five years	849,000	169,800
	<u>1,018,800</u>	<u>339,600</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 consider that no change is required in the previous year's provision for dilapidations of £204,250 (2018 - £204,250).

**19. CALLED UP SHARE CAPITAL**

Allotted and issued:				
Number:	Class:	Nominal value:	2019	2018
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

**20. PENSION COMMITMENTS**

The group contributes to a number of personal pension schemes for the benefit of its employees (including 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 £359,453 (2018: £350,926) were payable by the group; at the balance sheet date, the group owed pension contributions of £28,694 (2018: £29,780), which have been paid since the year-end.

**21. ULTIMATE CONTROLLING PARTY**

The company is controlled by Mr A Pound.

**22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the year ended 30 June 2019, loans were made jointly to two directors as follows:

	2019	2018
£		
Balance outstanding at start of year	-	-
Amounts advanced	1,055,540	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,055,540</u>	<u>-</u>

The company charged interest at an annual rate of 2.5% on the loans to the directors. The total interest charged during the year was £25,260. The loans are repayable within nine months of the balance sheet date.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2019**

**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.

During the year, the Company:

- i) paid dividends totalling £112,000 (2018: £80,500) to two directors;
- ii) repaid £27,266 to (2018: borrowed £6,635 from) a director; at the balance sheet date this director, independently of his share of the loan detailed in Note 22 above, was owed £7,840 (2018: £35,106);
- iii) was charged £20,000 (2018: £10,000) for aviation services, and was owed £60,000 (2018: £60,000) at the balance sheet date, by a company in which a director has an interest;
- iv) was charged £547,000 (2018: £510,000) for software development services by a company in which the directors and/or their close family members have interests; at the balance sheet date, the Company owed £25,870 (2018: £18,661) to this company; and
- v) paid emoluments totalling £28,933 (2018: £16,400) to key management.

Excluding the loan detailed in Note 22 above, the loans mentioned above are interest-free, unsecured and repayable on demand.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.