

ELECOSOFT UK LIMITED (formerley: Asta Development plc)

Directors' Report and Financial Statements

for the Year ended 31 December 2015

Registration number: 2021387

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Elecosoft UK Limited
Directors' Report and Financial Statements
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Elecosoft UK Limited
Officers and Advisers

Directors

J Ruddle
P M Thompson
J Ketteley

Registered office

66 Clifton Street
London
EC2A 4HB

Bankers

Barclays Bank plc

Auditors

Grant Thornton UK LLP
202 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1LW

**Elecosoft UK Limited
Strategic Report**

The company is a wholly owned subsidiary of Asta Group Ltd which in turn is a wholly owned subsidiary of Elecosoft plc. The company operates as part of the Elecosoft Group.

The company's principal activities during the period under review was the development and supply of computer software and provision of software services. The Directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The software developed by the company is a range of project management tools which are distributed in Germany and Sweden through its sister companies and in other international markets via distributors.

2015 saw the launch of a 3D viewer for our project scheduling tool. The Asta Powerproject product remains in great health and was the engine of growth again in 2015. Our commitment to the US market coincided with our largest licence deal of the year, through a reseller to a US state department of transport.

Turnover in the period under review was £6.0m, up from £5.1m in 2014, an increase of 18%. Operating profit improved to £2.0m compared to £1.3m in 2014. This profit increase is principally due to revenue growth together with a tight control over costs. The deferred income creditor at 31 December was £1.1m (2014: £1.0m) which is equivalent to 2.3 months revenue cover. (2014: 2.3 months)

The business is monitored using a range of key performance indicators including the setting of budgets at the beginning of the financial year and a monthly review of delivery to budget with reference to the following measures: Recurring revenue and revenue trends, Deferred income creditor cover, Product profitability, Business unit profitability, Average revenue per employee, Direct sales v Distributor sales, Cash conversion and Net cash generation/usage.

Outlook

Both the level of business and the year end financial position were satisfactory. The Directors expect a continued improvement in the performance of the business over the foreseeable future based on the increased level of activity in the construction sector, particularly in the UK.

There have been no significant events post the balance sheet date.

Principal risks and uncertainties

The principal business risks facing the company relate to operations, product markets and product development. Operations risks include the utilisation rate of consultants and training personnel while market risks are dependent on economic activity particularly in construction. Product development risks cover the ability to continue to develop innovative technology applications ahead of the competition.

BY ORDER OF THE BOARD

66 Clifton Street
London
EC2A 4HB

19 September 2016



P M Thompson
Director

Elecosoft UK Limited
Directors' Report for year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Results and dividend

The profit for the year was £2,015,496 (2014: £1,324,321). An ordinary dividend of £1,178,000 (2014: £878,000) was paid during the period.

Capital and Financing

The company is party to the Group's banking facilities that comprise the following:

- a £3.0m, 4 year term loan of which £1.7m was outstanding at 31 December 2015 carrying an interest rate of 3.25% over base rate.
- a £1.0m overdraft, for the period to 30 June 2016 carrying an interest rate of 2.75% over base rate.

The security provided to the bank for the provision of these facilities is a commitment of the shares of the operating companies.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 "The Financial Reporting Standard applicable to 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 and profit or loss of the company 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 estimates that are reasonable and prudent;

UK Accounting Standards have been followed, including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland", subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors confirm that:

so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Elecosoft UK Limited
Directors' Report for the period ended 31 December 2016

.....continued

The Directors

The directors who served the company during year are shown below :

J Ruddle (Appointed 9 January 2015)
P M Thompson
J Ketteley

Directors' indemnities

The company is covered by Directors & Officers Liability insurance arrangements maintained by its ultimate parent company.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting.

66 Clifton Street
London
EC2A 4HB

28 September 2016

BY ORDER OF THE BOARD



J Ruddle

**Independent auditor's report to the members of
Elecosoft UK Limited (company number 2021387)**

We have audited the financial statements of Elecosoft UK Limited for the year ended 31 December 2015 which comprise the profit and loss account, the statement of changes in equity, the balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Grant Thornton UK LLP

Malcolm A Gomersall
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes

29 September 2016

Elecosoft UK Limited

Profit and Loss Account for the year ended 31 December 2015

		2015	2014
	Notes	£	£
Turnover	2	5,975,380	5,074,300
Cost of sales		(869,326)	(827,125)
Gross profit		<u>5,106,054</u>	<u>4,247,175</u>
Administrative and selling expenses	3, 4	(3,099,108)	(2,941,499)
Operating profit	6	<u>2,006,946</u>	<u>1,305,676</u>
Interest receivable	5	21,196	17,441
Interest payable	5	(1,474)	(1,293)
Profit on ordinary activities before taxation		<u>2,026,668</u>	<u>1,321,824</u>
Tax on profit on ordinary activities	7	(11,172)	2,497
Profit on ordinary activities after taxation		<u><u>2,015,496</u></u>	<u><u>1,324,321</u></u>

All of the Company's operations are continuing.

The accounting policies and notes on pages 6 to 17 form an integral part of these financial statements

ELECOSOFT UK LIMITED

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STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital £	Retained earnings £	Total £
At 1 January 2015	85,924	2,792,005	2,877,929
Profit for the period	-	2,015,496	2,015,496
Dividend		(1,178,000)	(1,178,000)
Total comprehensive income for the period	-	837,496	837,496
At 31 December 2015	85,924	3,629,501	3,715,425

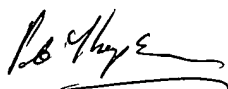
	Share capital £	Retained earnings £	Total £
At 1 January 2014	85,924	2,345,684	2,431,608
Profit for the period	-	1,324,321	1,324,321
Dividend		(878,000)	(878,000)
Total comprehensive income for the period	-	446,321	446,321
At 31 December 2014	85,924	2,792,005	2,877,929

Elecosoft UK Limited

Balance Sheet as at 31st December 2015

		2015		2014	
	<u>NOTES</u>	£	£	£	£
FIXED ASSETS					
Intangible assets	8		37,378		34,840
Tangible assets	9		69,177		85,654
			<u>106,555</u>		<u>120,494</u>
CURRENT ASSETS					
Debtors	10	5,135,428		4,359,455	
Bank balances and cash in hand		<u>208,308</u>		<u>174,346</u>	
		5,343,736		4,533,801	
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(1,728,986)</u>		<u>(1,759,651)</u>	
NET CURRENT ASSETS			3,614,750		2,774,150
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,721,305</u>		<u>2,894,644</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		<u>(5,879)</u>		<u>(16,714)</u>
NET ASSETS			<u><u>3,715,426</u></u>		<u><u>2,877,930</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		85,924		85,924
Profit and loss account			3,629,502		2,792,006
EQUITY SHAREHOLDERS' FUNDS			<u><u>3,715,426</u></u>		<u><u>2,877,930</u></u>

The financial statements on pages 6 to 17 were approved by the Board of Directors on 14 September 2016, and signed on its behalf by:



P M Thompson
Company Number :2021387

ELECOSOFT UK LIMITED
Notes to the Financial statements for the period ended 31 December 2015

1 Accounting policies

The Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102, the financial Reporting Standard applicable to the United Kingdom and Ireland, and with the Companies Act 2006. This is the first year in which the Company financial statements have been prepared under FRS 102.

The Directors have reviewed the requirements of the new standard and have not identified a need for any transition adjustments. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Going concern

The Company is party to the Groups banking facilities outlined in the Directors report on page 3. The assessment of going concern is discussed in the Group's Annual Report and Accounts which does not form part of this report. The Group has assessed its forecast borrowing requirements over the next 12 months and related covenant tests and confirms the Group has adequate resources for the Group's current requirements. Thus the Directors continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and are presented in pounds sterling. The Company has adopted the following disclosure exemptions under FRS 102:

- requirement to present a statement of cash flows and
- financial instrument disclosures.
- key management remuneration disclosure.

Significant accounting judgements and estimates

Application of the Company's accounting policies in conformity with generally accepted accounting principles requires judgements and estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. These judgements and estimates may be affected by subsequent events or actions such that actual results may ultimately differ from the estimates.

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 amount of assets and liabilities within the next financial year are discussed below.

Revenue Recognition

Contracts with clients can include both the sale of licences and the provision of services including maintenance and support. The Directors apply appropriate judgement in recognition of the separable components of revenue based on the analysis of individual contracts as this indicates the substance of the transaction as viewed by the client. The transfer of the risks and rewards of ownership for a licence is usually on delivery and written or contractual acceptance of the software provided the contract is non-cancellable.

In addition, the Company utilises resellers to access certain markets. Where sales of the Company's products or services are made through a reseller, the Directors judge that the reseller is responsible for the majority of the risks and responsibilities therefore commission payable to the reseller is offset against the sale and the net amount is treated as revenue of the Company.

ELECOSOFT UK LIMITED

Notes to the Financial statements for the period ended 31 December 2015

.....continued

Turnover

Revenue from the sale of software licences represents the fair value of consideration received or receivable in respect of software licences supplied to third parties in the period, excluding value added tax and trade discounts. This revenue is recognised when the software licence is delivered. Revenue from software maintenance and support contracts is measured at fair value of consideration receivable and is treated as deferred income and taken to revenue in the income statement on a straight line basis in line with the service and obligations over the term of the contract.

Consultancy and professional service fee revenues, which are typically billed on a time and materials basis, are recognised as the work is performed provided that the amount of revenue can be measured reliably, it is probable that the economic benefits of the work performed will flow to the Group and the costs involved in providing the service can be reliably measured.

Intangible and tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition, net of depreciation and provision for impairment.

The Company owns intellectual property both in its software tools and software products. Intellectual property acquired is capitalised at cost and is amortised on a straight line basis over its expected useful life not exceeding twenty years. The current intellectual property assets held by the Company were attributed a useful life of five years and this amortisation period has been used in the accounts.

Depreciation is provided on all tangible fixed assets, except freehold and leasehold land, at annual rates calculated to write off the cost, less the estimated residual value of each asset, over its expected useful life as follows:

Long leasehold buildings		50 years
Plant, equipment and vehicles	-	2 to 10 years
Software	-	2 to 5 years

Finance and operating leases

The capital element of finance lease commitments is shown as obligations under finance leases. The capital element of finance lease rentals is applied to reduce the outstanding obligations under finance leases. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease in proportion to the reducing capital balance outstanding. Amounts payable under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable.

Foreign exchange

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. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain/loss in the profit and loss account.

Cash flow

The Company is a wholly owned subsidiary of Elecosoft plc and the cash flows of the Company are included in the consolidated group cash flow statement of Elecosoft plc. Consequently the Company is exempt from the requirement to publish a cash flow statement.

ELECOSOFT UK LIMITED

Notes to the Financial statements for the period ended 31 December 2015

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Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date will result in an obligation to pay more tax or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiary undertakings only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and Development

Software development expenditure is charged to the profit and loss account in the period in which it is incurred.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

2 Turnover

Analysis of turnover by geographical market:

	2015	2014
	£	£
United Kingdom	4,700,987	4,154,314
Europe	593,604	628,898
Other	680,789	291,088
	<u>5,975,380</u>	<u>5,074,300</u>

ELECOSOFT UK LIMITED

Notes to the Financial statements for the period ended 31 December 2015

.....continued

3 Directors' emoluments

The directors' emoluments for the period are as follows:

	2015 £	2014 £
Directors' pension contributions	12,547	21,343
Directors' emoluments (including benefits in kind)	217,677	366,384
	<u>230,224</u>	<u>387,727</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows:

	2015 Nº	2014 Nº
Money purchase	<u>2</u>	<u>2</u>

The aggregate of emoluments of the highest paid director was £116,216 (2014: £296,452) and company pension contributions of £6,650 (2014: £16,000) were made to a money purchase scheme on their behalf.

4 Employees (including directors)

	2015 Nº	2014 Nº
Development and customer services	28	25
Sales and marketing	15	10
Administration	7	7
	<u>50</u>	<u>42</u>

Staff costs during the period amounted to:-

	2015 £	2014 £
Wages and salaries	1,931,993	1,860,386
Social security cost	209,621	208,105
Other pension cost	88,625	94,509
	<u>2,230,239</u>	<u>2,163,000</u>

5 Interest**Interest receivable**

	2015 £	2014 £
Group loan interest	21,196	17,441
	<u>21,196</u>	<u>17,441</u>

Interest payable

	2015 £	2014 £
Hire purchase interest	1,474	1,293
	<u>1,474</u>	<u>1,293</u>

ELECOSOFT UK LIMITED
Notes to the Financial statements for the period ended 31 December 2015

.....continued

6 Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Profit on sale of tangible fixed assets	(1,983)	900
Fees payable to company auditors		
For the audit of the company	5,900	5,500
Operating leases - other assets	758	758
Operating leases - property	63,750	63,750
Research and Development	756,517	709,684
Software amortisation	11,113	-
Depreciation of tangible fixed assets	28,880	28,115
	<u>28,880</u>	<u>28,115</u>

7 Taxation on ordinary activities

a) Tax on profit on ordinary activities

	2015	2014
	£	£
Current tax:		
UK current tax on profits for the period	1,832	-
Adjustments in respect of previous years	-	-
Total current tax	<u>1,832</u>	<u>-</u>
Deferred tax:		
Origination and reversal of temporary differences	12,189	(2,497)
Adjustments in respect of previous years	(2,849)	0
Total deferred tax	<u>9,340</u>	<u>(2,497)</u>
Tax credit on profit on ordinary activities	<u>11,172</u>	<u>(2,497)</u>

b) Factors affecting tax charge for period

The differences between the current tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2015	2014
	£	£
Profit on ordinary activities before tax	<u>2,026,668</u>	<u>1,321,824</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20.25% (2014: 21.49%)	410,400	284,060
Effects of:		
Expenses not deductible for tax purposes	841	501
Research and development tax relief	(93,875)	(80,588)
Excess of capital allowances relative to depreciation	(2,849)	
Tax rate differences	(317)	(447)
Group relief	(274,579)	(197,530)
Non taxable statutory compensation	(15,289)	
Short Term timing differences	(13,160)	(8,493)
Current tax charge for the year	<u>11,172</u>	<u>(2,497)</u>

ELECOSOFT UK LIMITED
Notes to the Financial statements for the period ended 31 December 2015

.....continued

c) Factors that may affect future tax charges

Income tax for the UK has been calculated at the standard rate of UK corporation tax of 20.25% effective from 1 April 2015 (2014: 21.49%) on the estimated assessable profit for the period.

8 Intangible fixed assets

	Software
Cost:	
At 1 January 2015	135,228
Additions	13,651
At 31 December 2015	<u>148,879</u>
Accumulated Depreciation:	
At 1 January 2015	100,388
Charge for the period	11,113
At 31 December 2015	<u>111,501</u>
Net book value at 31 December 2015	<u>37,378</u>
Net book value at 31 December 2014	<u>34,840</u>

9 Tangible fixed assets

	Fixtures, fittings & office equipment	Motor vehicles	Total
Cost:			
At 1 January 2015	829,797	77,988	907,785
Additions	4,723	-	4,723
At 31 December 2015	<u>834,520</u>	<u>77,988</u>	<u>912,508</u>
Accumulated Depreciation:			
At 1 January 2015	795,291	26,840	822,131
Charge for the period	28,880	-	28,880
Disposals	(7,680)	-	(7,680)
At 31 December 2015	<u>816,491</u>	<u>26,840</u>	<u>843,331</u>
Net book value at 31 December 2015	<u>18,029</u>	<u>51,148</u>	<u>69,177</u>
Net book value at 31 December 2014	<u>34,506</u>	<u>51,148</u>	<u>85,654</u>

Hire purchase agreements

There were no additions in the year (2014: £18,000) of tangible fixed assets acquired on a finance lease or hire purchase agreement. The net book value of tangible fixed assets includes an amount of £28,396 (2014: £45,199) in respect of assets held under finance leases and hire purchase agreements.

ELECOSOFT UK LIMITED

Notes to the Financial statements for the period ended 31 December 2015

.....continued

10 Debtors	2015	2014
	£	£
Due within one year:		
Trade debtors	598,765	638,323
Amounts owed by group undertakings	4,245,127	3,472,713
Other debtors	25,690	1,838
Prepayments and accrued income	106,439	77,834
Deferred tax asset (see note 13)	159,407	168,747
	<u>5,135,428</u>	<u>4,359,455</u>
11 Creditors: Amounts falling due within one year	2015	2014
	£	£
Current obligations under finance leases and hire purchase agreements	10,834	16,677
Trade creditors	42,424	148,571
Amounts owed to group undertakings	120,806	145,710
Other taxes and social security costs	246,164	224,768
Other creditors	-	-
Accruals and deferred income	1,308,758	1,223,925
	<u>1,728,986</u>	<u>1,759,651</u>
12 Creditors: Amounts falling due after more than one year	2015	2014
	£	£
Obligations under finance leases	<u>5,879</u>	<u>16,714</u>
Finance leases:	2015	2014
The net finance lease obligations to which the Company is committed are:-	£	£
In one year or less	10,835	16,677
Between one and two years	5,879	10,834
Between two and five years	-	5,880
	<u>16,714</u>	<u>33,391</u>
13 Deferred taxation		
The total deferred tax asset to date based on a corporation tax rate of 20.25% (2014: 21.49%) comprises:-		
	2015	2014
	£	£
Balance brought forward	168,747	166,250
Profit and loss account movement arising during the year	(9,340)	2,497
	<u>159,407</u>	<u>168,747</u>
The deferred tax asset consists of the tax effect of timing differences in respect of:		
Excess of depreciation on fixed assets over taxation allowances	<u>159,407</u>	<u>168,747</u>

ELECOSOFT UK LIMITED

for the period ended 31 December 2015

.....continued

14 Share capital

	2015 £	2014 £
Allotted, called up and fully paid: 171,847 ordinary shares of 50 pence each	<u>85,924</u>	<u>85,924</u>

15 Leasing commitments

	2015 £ Land & Buildings	2015 £ Other	2014 £ Land & Buildings	2014 £ Other
Future minimum rentals payable under non-cancellable operating leases are as follows:				
Within one year	42,584	11,460	23,750	758
Between 1 and 2 years		166	-	
Between 2 and 5 years inclusive	90,336	-	-	-
After five years	-	-	-	-
	<u>132,920</u>	<u>11,626</u>	<u>23,750</u>	<u>758</u>

16 Risk management**Financial risk**

The Company's interest rate risks and currency risks are managed centrally within policies approved by the Board. The objective of these policies is to mitigate the impact of movements in interest rates and currency rates on the results of the Company. In addition to these policies, the Company's liquidity risk policies, approved by the Board, ensure appropriate funding is made available and is managed centrally.

Credit risk

The Company usually offer credit terms to its customers which allow payment of the debt after the delivery of the goods or services. The Company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationship and the fact that the product itself is embedded in the customers software systems.

ELECOSOFT UK LIMITED

for the period ended 31 December 2015

.....continued

17 Financial assets and liabilities

The carrying amount and fair value of financial assets and liabilities at the period end are set out below.

	2015 £	2014 £
Assets:		
Bank and cash in hand		
Trade debtors	598,765	638,323
Amounts owed by Group undertakings	4,245,127	3,472,713
Other debtors	25,690	1,838
Financial assets	4,869,582	4,112,874
Liabilities:		
Trade creditors	42,424	148,571
Amounts owed by Group undertakings	120,806	145,710
Obligations under finance leases	16,713	33,391
Accruals and deferred income	1,308,758	1,223,925
Financial liabilities	1,488,701	179,101

18 Ultimate parent company

The Directors regard Elecosoft plc, a company registered in England and Wales, as the ultimate controlling parent undertaking. Copies of the ultimate controlling parent's consolidated financial statements may be obtained from the Company Secretary, Eleco plc, 66 Clifton Street, London EC2A 4HB.

19 Related party transactions

The Company has taken advantage of the exemption in FRS 102.33 from disclosing transactions with related parties that are part of Elecosoft plc or subsidiaries.

20 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £88,625 (2014: £94,509).

There were no outstanding or prepaid contributions at either the beginning or end of the period ended 31 December 2015.

21 Banking arrangements

The company operates under the banking facilities arranged by the Group. The bank holds a commitment over the shares of the company. Further details of the Groups' and its subsidiaries banking arrangements are contained in the Directors report on page 3.