

Company Registration No. 06752963 (England and Wales)

**IKONIC TECHNOLOGY LIMITED
(FORMERLY MELCAIN LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**



IKONIC TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	J Newman A Levene J Goldstone
Company number	06752963
Registered office	C/o UHY Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Business address	C/o UHY Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
Bankers	HSBC Bank PLC 4 Hardman Square Spinningfields Manchester M3 3EB

IKONIC TECHNOLOGY LIMITED

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IKONIC TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

Management's objectives are to:

- Meet budget and key performance indicators for the year;
- Source quality IT products and sell competitively;
- Maintain exceptional customer service.
- Manage financial and operational risks

The management team have in place a number of key performance indicators, both financial and operational, to guide the business to meet our objectives.

Business review

Eurosim Limited after years of steady growth has consolidated its position during 2016 as a leading international supplier of IT hardware and peripheral IT products. Focusing on sourcing at the best price to then supply customers highly competitively priced quality products. While managing costs and currency risk Eurosim has delivered a profit after tax of £2,182,417 (PY £1,081,207).

Financial performance

The directors have determined that the following financial key performance indicators (KPIs) based on continuing activities, are the most effective measure of progress towards achieving the company's objectives:

	2016	2015
Turnover	£59,512,341	£46,537,628
Operating profit	£2,691,869	£1,187,834
EBITDA	£2,909,345	£1,273,521

Risk management

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Business performance risk

Business performance risk is the risk that the company may not perform as expected either due to internal factors or due to competitive pressures in the market in which they operate. This risk is managed through a number of measures: ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting; currency and cash management.

Business continuity risk

Business continuity risk planning is regarded with significant importance to the managers and directors. A plan has been drawn up to ensure purchasing, sales, storage and onward supply can be met in the event of a significant negative impact on the business.

Health and safety risk

The company is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees and third parties to the risk of injury, potential liability and/or loss of reputation. These risks are managed by the company through: the strong promotion of a health and safety culture; and well defined health and safety policies.

IKONIC TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Long term growth of the business depends on the company's ability to retain and attract personnel of high quality. This risk is managed through development plans which are regularly reviewed and updated. These are accompanied by specific policies in areas such as training, management development and performance management.

Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the company relies for day-to-day operations, external reporting and for longer term planning. The company exercises financial and business control through a combination of: qualified and experienced financial teams; performance analysis; budgeting and cash flow forecasting; and clearly defined approval limits. The external auditors provide advice on specific accounting and tax issues as they arise.

Social, ethical and environmental risk

Due to the company's nature and size no significant social, ethical or environmental risks have been identified by the management.

Credit Risk

Credit risk arises principally from UK and international customers. Company policy is aimed at minimising such risk and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

Liquidity risk

Expenditure is approved at board level and flexibility is maintained by retaining surplus cash in a readily accessible bank account.

On behalf of the board



J Newman

Director

10/17/17

IKONIC TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

On 9 January 2017 the company changed its name from Melcain Limited to Ikonik Technology Limited.

Principal activities

The company has not traded in the year. The principal activity of the company continued to be that of a holding company.

The principal activity of the group relates to that of its subsidiary companies, Eurosimm Limited and Cetra IT Logistics and Services Limited, which are the supply of IT products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Newman

A Levene

J Kellington

J Goldstone

(Resigned 17 March 2017)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £853,048. The directors do not recommend payment of a further dividend.

Financial instruments

The group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its trading activities. The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Future developments

We continue to source additional suppliers from the UK and Europe, and have various alternative product distribution opportunities to explore in 2017. Staff development and recruitment are a priority to support growth in the future.

IKONIC TECHNOLOGY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

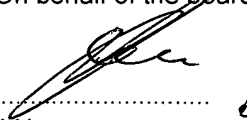
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. thus they continue to adopt the going concern basis in preparing the annual financial statements.

On behalf of the board


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J Newman
Director
10/7/17

IKONIC TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IKONIC TECHNOLOGY LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Ikonik Technology Limited for the year ended 31 December 2016 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

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

IKONIC TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF IKONIC TECHNOLOGY LIMITED

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 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.


Mark Robertson (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

Chartered Accountants
Statutory Auditor

11/7/17
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St James Building
79 Oxford Street
Manchester
M1 6HT

IKONIC TECHNOLOGY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	59,512,341	46,537,628
Cost of sales		(51,593,512)	(40,569,258)
Gross profit		7,918,829	5,968,370
Distribution costs		(616,658)	(497,319)
Administrative expenses		(4,610,302)	(4,283,217)
Operating profit	4	2,691,869	1,187,834
Interest receivable and similar income	8	57	-
Interest payable and similar charges	9	(2,966)	-
Profit before taxation		2,688,960	1,187,834
Taxation	10	(571,880)	(272,751)
Profit for the financial year		2,117,080	915,083
Other comprehensive income			
Exchange differences on retranslation of foreign operations		11,094	-
Total comprehensive income for the year		2,128,174	915,083

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

IKONIC TECHNOLOGY LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	12	885,994		996,743	
Other intangible assets	12	82,193		70,840	
Total intangible assets		968,187		1,067,583	
Tangible assets	13	406,928		496,481	
		1,375,115		1,564,064	
Current assets					
Stocks	16	5,274,907		3,785,640	
Debtors	17	9,954,126		7,395,969	
Cash at bank and in hand		397,512		397,207	
		15,626,545		11,578,816	
Creditors: amounts falling due within one year	18	(10,537,766)		(7,925,083)	
Net current assets		5,088,779		3,653,733	
Total assets less current liabilities		6,463,894		5,217,797	
Provisions for liabilities	18	(41,792)		(70,821)	
Net assets		6,422,102		5,146,976	
Capital and reserves					
Called up share capital	22	1,000		1,000	
Profit and loss reserves	23	6,421,102		5,145,976	
Total equity		6,422,102		5,146,976	

The financial statements were approved by the board of directors and authorised for issue on 10/7/17 and are signed on its behalf by:

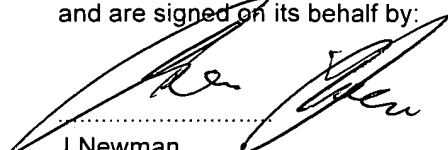

J Newman
Director

IKONIC TECHNOLOGY LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	14		4,142,520		4,142,420
Current assets					
Debtors	17	1,000		1,000	
Creditors: amounts falling due within one year	18	(4,142,520)		(4,142,420)	
Net current liabilities			(4,141,520)		(4,141,420)
Total assets less current liabilities			<u>1,000</u>		<u>1,000</u>
Capital and reserves					
Called up share capital	22		<u>1,000</u>		<u>1,000</u>

The financial statements were approved by the board of directors and authorised for issue on 10/7/17 and are signed on its behalf by:


J Newman
Director

Company Registration No. 06752963

IKONIC TECHNOLOGY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		1,000	5,061,619	5,062,619
Period ended 31 December 2015:				
Profit and total comprehensive income for the year		-	915,083	915,083
Dividends	11	-	(830,726)	(830,726)
Balance at 31 December 2015		1,000	5,145,976	5,146,976
Period ended 31 December 2016:				
Profit for the year		-	2,117,080	2,117,080
Other comprehensive income:				
Currency translation differences on overseas subsidiaries		-	11,094	11,094
Total comprehensive income for the year		-	2,128,174	2,128,174
Dividends	11	-	(853,048)	(853,048)
Balance at 31 December 2016		1,000	6,421,102	6,422,102

IKONIC TECHNOLOGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		1,000	-	1,000
		<hr/>	<hr/>	<hr/>
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	830,726	830,726
Dividends	11	-	(830,726)	(830,726)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2015		1,000	-	1,000
		<hr/>	<hr/>	<hr/>
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	853,048	853,048
Dividends	11	-	(853,048)	(853,048)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2016		1,000	-	1,000
		<hr/>	<hr/>	<hr/>

IKONIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(713,696)		1,934,458
Interest paid			(2,966)		-
Income taxes paid			(227,877)		(425,542)
Net cash (outflow)/inflow from operating activities			(944,539)		1,508,916
Investing activities					
Purchase of intangible assets		(30,115)		(14,555)	
Proceeds on disposal of tangible fixed assets		2,000		-	
Purchase of tangible fixed assets		(5,160)		(393,062)	
Interest received		57		-	
Net cash used in investing activities			(33,218)		(407,617)
Financing activities					
Invoice discounting		1,820,016		(211,184)	
Dividends paid to equity shareholders		(853,048)		(830,726)	
Net cash generated from/(used in) financing activities			966,968		(1,041,910)
Net (decrease)/increase in cash and cash equivalents			(10,789)		59,389
Cash and cash equivalents at beginning of year			397,207		337,818
Effect of foreign exchange rates			11,094		-
Cash and cash equivalents at end of year			397,512		397,207

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Ikonik Technology Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is C/o UHY Hacker Young, St James Building, 79 Oxford Street, Manchester, M1 6HT.

The group consists of Ikonik Technology Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £853,048 (2015 - £830,726 profit).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Ikonik Technology Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Any exchange differences on the retranslation of foreign operations are recognised within other comprehensive income

Ikonik Technology Limited (and its trading subsidiaries, Eurosimm Limited and Cetra IT Logistics and Services Limited) have been included in the group financial statements using the purchase method of accounting. Accordingly, the group financial statements and statement of cash flows include the results and cash flows of Cetra IT Logistics and Services Limited for the 10 month period from its acquisition on 11 March 2016.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and representing the excess of the consideration given over the fair value of the identifiable net assets acquired, has been capitalised in the group balance sheet and is amortised over its estimated economic life, being 10 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	15% reducing balance
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If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.9 Stocks

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover		
Sale of goods	59,440,416	46,482,278
Rendering of services	71,925	55,350
	<u>59,512,341</u>	<u>46,537,628</u>

Other significant revenue

Interest income	57	-
	<u>57</u>	<u>-</u>

Turnover analysed by geographical market

	2016 £	2015 £
UK	31,109,820	26,403,581
Rest of Europe	22,027,336	15,245,409
Rest of the world	6,375,185	4,888,638
	<u>59,512,341</u>	<u>46,537,628</u>

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	30,518	200,160
Depreciation of owned tangible fixed assets	85,082	73,966
Loss on disposal of tangible fixed assets	7,631	24,764
Loss on disposal of intangible fixed assets	5,301	-
Amortisation of intangible assets	124,209	177,845
Cost of stocks recognised as an expense	51,496,710	40,484,444
Operating lease charges	156,005	282,671
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,000	2,000
Audit of the company's subsidiaries	17,000	17,000
	<u> </u>	<u> </u>
	19,000	19,000
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Directors	3	3
Sales and administration	61	60
	<u> </u>	<u> </u>
	64	63
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,313,922	2,170,580
Social security costs	218,831	212,524
Pension costs	158,628	48,353
	<u> </u>	<u> </u>
	2,691,381	2,431,457
	<u> </u>	<u> </u>

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	28,729	30,568
Company pension contributions to defined contribution schemes	20,451	21,370
	<u>49,180</u>	<u>51,938</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 - 3).

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	57	-
	<u>57</u>	<u>-</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	57	-
	<u>57</u>	<u>-</u>

9 Interest payable and similar charges

	2016 £	2015 £
Other finance costs:		
Other interest	2,966	-
	<u>2,966</u>	<u>-</u>
Total finance costs	<u>2,966</u>	<u>-</u>

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	603,885	230,852
Adjustments in respect of prior periods	(2,976)	-
	<u>600,909</u>	<u>230,852</u>
Deferred tax		
Origination and reversal of timing differences	(29,029)	41,899
	<u>(29,029)</u>	<u>41,899</u>
Total tax charge	<u>571,880</u>	<u>272,751</u>

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	2,688,960	1,187,834
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	537,792	240,536
Tax effect of expenses that are not deductible in determining taxable profit	30,559	36,881
Change of tax rate	(3,934)	(2,892)
Other tax adjustments	7,463	(1,774)
Tax expense for the year	571,880	272,751

11 Dividends

	2016 £	2015 £
Final paid	853,048	830,726

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 January 2016	1,661,239	213,652	1,874,891
Additions	-	30,115	30,115
Disposals	-	(14,705)	(14,705)
At 31 December 2016	1,661,239	229,062	1,890,301
Amortisation and impairment			
At 1 January 2016	664,496	142,812	807,308
Amortisation charged for the year	110,749	13,460	124,209
Disposals	-	(9,403)	(9,403)
At 31 December 2016	775,245	146,869	922,114
Carrying amount			
At 31 December 2016	885,994	82,193	968,187
At 31 December 2015	996,743	70,840	1,067,583

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Tangible fixed assets

Group	Leasehold improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2016	213,844	352,019	69,727	635,590
Additions	-	5,160	-	5,160
Disposals	-	(24,332)	-	(24,332)
At 31 December 2016	213,844	332,847	69,727	616,418
Depreciation and impairment				
At 1 January 2016	23,178	74,161	41,770	139,109
Depreciation charged in the year	28,600	41,550	14,932	85,082
Eliminated in respect of disposals	-	(14,701)	-	(14,701)
At 31 December 2016	51,778	101,010	56,702	209,490
Carrying amount				
At 31 December 2016	162,066	231,837	13,025	406,928
At 31 December 2015	93,922	277,858	27,957	496,481

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	25	-	-	4,142,520	4,142,420

15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,000	1,000	1,000	1,000
Debt instruments measured at undiscounted amount	9,719,851	7,284,575	264,122	-
Carrying amount of financial liabilities				
Measured at amortised cost	779,961	591,882	264,122	-
Measured at undiscounted amount	9,045,953	6,504,104	4,142,520	4,142,420

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	5,274,907	3,785,640	-	-

17 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	8,716,716	6,429,506	-	-
Unpaid share capital	1,000	1,000	1,000	1,000
Other debtors	1,003,135	855,069	-	-
Prepayments and accrued income	233,275	110,394	-	-
	9,954,126	7,395,969	1,000	1,000

18 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	3,369,393	3,217,482	-	-
Amounts due to group undertakings	-	-	4,142,520	4,142,420
Corporation tax payable	603,885	230,853	-	-
Other taxation and social security	518,019	598,244	-	-
Other creditors	5,085,790	3,164,229	-	-
Accruals and deferred income	960,679	714,275	-	-
	10,537,766	7,925,083	4,142,520	4,142,420

Within group other creditors there are amounts totalling £779,961 (2015 - £591,882) relating to amounts owed to directors, which are interest free and repayable on demand.

Group other creditors includes an invoice discounting facility totalling £4,361,438 (2015 - £2,541,591). The invoice discounting balance is secured by a debenture and a floating charge over the assets of the company.

Company other creditors relates to amounts owed to directors, which are interest free and repayable on demand.

19 Provisions for liabilities

	Group 2016 £	2015 £	Company 2016 £	2015 £
Deferred tax liabilities	41,792	70,821	-	-

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
ACAs	61,178	72,940
Spare 1	(19,386)	(2,119)
	<u>41,792</u>	<u>70,821</u>

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 January 2016	70,821	-
Charge to profit or loss	(29,029)	-
	<u>41,792</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>158,628</u>	<u>48,353</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
85,000 "A" Ordinary shares of 1p each	850	850
15,000 "B" Ordinary shares of 1p each	150	150
	<u>1,000</u>	<u>1,000</u>

The Ordinary A shares and Ordinary B shares rank parri passu in all respects.

Options have been granted to certain directors under the Ikonik Technology Limited Enterprise Management Incentive Scheme, at a redeemable option price of £41.42 per share. The options are only exercisable upon the sale of the company. At 31 December 2016 options had been granted, and had not expired, in respect of 11,110 (2015 - 11,110) "A" Ordinary shares of £0.01 under this scheme.

Called up share capital represents the nominal value of shares that have been issued.

On 17 March 2017 all 15,000 "B" Ordinary shares were repurchased from shareholders by the Company.

23 Reserves

Profit and loss reserves

Profit and loss account - includes all current and prior period retained profits and losses, net of dividends paid.

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	148,464	90,371	-	-
Between two and five years	586,045	590,509	-	-
In over five years	476,186	620,186	-	-
	<u>1,210,695</u>	<u>1,301,066</u>	<u>-</u>	<u>-</u>

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

25 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct
Eurosim Limited	England	Supply of IT products	Ordinary	100.00
Cetra IT Logistics and Services Limited	England	Supply of IT products	Ordinary	100.00

All companies detailed above are included within these consolidated accounts.

Cetra IT Logistics and Services Limited incorporated on 11 March 2016. On this date the company acquired 100% of the ordinary share capital of Cetra IT Logistics and Services Limited.

For the period ending 31 December 2016 Cetra IT Logistics and Services Limited (company registration number 10058009) was entitled to and took advantage of the exemption from audit under section 479A of the Companies Act 2006, relating to subsidiary companies.

26 Controlling party

The ultimate controlling parties are A Levene and J Newman by virtue of their directorships and shareholding in the company.

27 Cash generated from operations	2016 £	2015 £
Profit for the year after tax	2,117,080	915,083
Adjustments for:		
Taxation charged	571,880	272,751
Finance costs	2,966	-
Investment income	(57)	-
Loss on disposal of tangible fixed assets	7,631	24,764
Loss on disposal of intangible fixed assets	5,301	-
Amortisation and impairment of intangible assets	124,209	177,845
Depreciation and impairment of tangible fixed assets	85,082	73,966
Movements in working capital:		
(Increase)/decrease in stocks	(1,489,267)	477,450
(Increase)/decrease in debtors	(2,558,157)	666,970
Increase/(decrease) in creditors	419,636	(674,371)
Cash (absorbed by)/generated from operations	(713,696)	1,934,458

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Related party transactions

Remuneration of key management personnel

The directors of the company are considered to be the key management personnel. Directors remuneration is disclosed in note 7.

No guarantees have been given or received.

Dividends totalling £853,048 (2015 - £830,726) were paid in the year in respect of shares held by the company's directors.