

Company Registration No. 06752963 (England and Wales)

IKONIC TECHNOLOGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



IKONIC TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	J Newman A Levene J Goldstone C Perry (Appointed 12 September 2017)
Company number	06752963
Registered office	P16 Parklands Heywood Distribution Park Heywood Lancs OL10 2TT
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Business address	P16 Parklands Heywood Distribution Park Heywood Lancs OL10 2TT
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 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

Management's objectives are to:

- Source quality IT products and sell competitively;
- Maintain exceptional customer service.
- Manage financial and operational risks.
- Add value to the business while improving profitability and growing organically.

Business review

Ikonik Technology Limited continued to develop new and current revenue streams. During the year the purchase of Eurosimm Limited's trade & assets via a "hive up" was completed. As a leading international supplier of IT hardware and peripheral IT products Ikonik Technology Limited continues to focus on sourcing at the best price to then supply customers highly competitively priced quality products while managing costs and currency risk. Ikonik Technology Limited has delivered a profit after tax of £1,833,864 (2016 - £2,128,174).

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:

	2017	2016
Turnover	£64,101,548	£59,512,341
Operating profit	£2,305,856	£2,691,869
EBITDA	£2,500,384	£2,909,345

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 2017

Employee development

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.

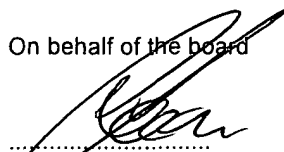
Credit risk

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



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J Newman

Director

115118

IKONIC TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

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

Principal activities

The principal activity of the group continued to be that of the supply of IT products. On the 30 September 2017, the subsidiary Eurosimm Limited hived up its trade and assets to Ikonc Technology Limited. Eurosimm Limited is now considered to be dormant.

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

(Resigned 17 March 2017)

J Goldstone

C Perry

(Appointed 12 September 2017)

Results and dividends

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

Ordinary dividends were paid amounting to £661,178. 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 2018. 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 2017

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.

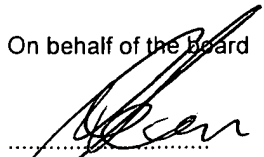
Going concern

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.

Purchase of own shares

On 17 March 2017 the company purchased 15,000 Ordinary B shares of £0.01 each with a nominal value of £150 representing 15% of the company's called up share capital, for a consideration of £1,208,100.

On behalf of the board



J Newman

Director

11/5/18

IKONIC TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IKONIC TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Ikonik Technology Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of its for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

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

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 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

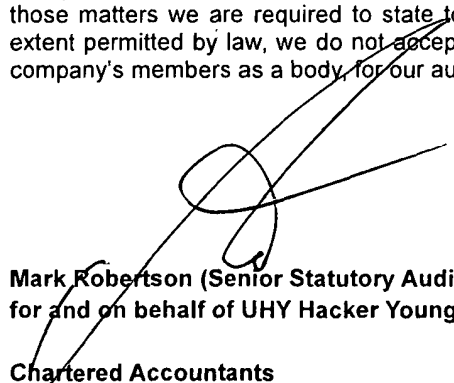
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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


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

Chartered Accountants
Statutory Auditor

9/5/18

St James Building
79 Oxford Street
Manchester
M1 6HT

IKONIC TECHNOLOGY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	64,101,548	59,512,341
Cost of sales		(55,198,018)	(51,593,512)
Gross profit		8,903,530	7,918,829
Distribution costs		(579,901)	(616,658)
Administrative expenses		(6,017,773)	(4,610,302)
Operating profit	4	2,305,856	2,691,869
Interest receivable and similar income	8	-	57
Interest payable and similar expenses	9	-	(2,966)
Profit before taxation		2,305,856	2,688,960
Tax on profit	10	(477,818)	(571,880)
Profit for the financial year	25	1,828,038	2,117,080
Other comprehensive income			
Currency translation differences		5,826	11,094
Total comprehensive income for the year		1,833,864	2,128,174

Profit for the financial year is all attributable to the owners of the parent company.

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 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Goodwill	12	775,245		885,994	
Other intangible assets	12	46,157		82,193	
Total intangible assets		821,402		968,187	
Tangible assets	13	280,447		406,928	
		1,101,849		1,375,115	
Current assets					
Stocks	16	6,581,685		5,274,907	
Debtors	17	7,650,892		9,954,126	
Cash at bank and in hand		519,413		397,512	
		14,751,990		15,626,545	
Creditors: amounts falling due within one year	18	(9,056,926)		(10,537,766)	
Net current assets		5,695,064		5,088,779	
Total assets less current liabilities		6,796,913		6,463,894	
Creditors: amounts falling due after more than one year	19	(390,528)		-	
Provisions for liabilities	21	(19,697)		(41,792)	
Net assets		6,386,688		6,422,102	
Capital and reserves					
Called up share capital	24	850		1,000	
Capital redemption reserve	25	150		-	
Profit and loss reserves	25	6,385,688		6,421,102	
Total equity		6,386,688		6,422,102	

The financial statements were approved by the board of directors and authorised for issue on 15/1/18 and are signed on its behalf by:


J. Newman
Director

IKONIC TECHNOLOGY LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	12	775,245		-	
Other intangible assets	12	46,157		-	
Total intangible assets		821,402		-	
Tangible assets	13	280,447		-	
Investments	14	253,520		4,142,520	
		1,355,369		4,142,520	
Current assets					
Stocks	16	6,578,286		-	
Debtors	17	7,121,726		1,000	
Cash at bank and in hand		363,172		-	
		14,063,184		1,000	
Creditors: amounts falling due within one year	18	(8,731,644)		(4,142,520)	
Net current assets/(liabilities)		5,331,540		(4,141,520)	
Total assets less current liabilities		6,686,909		1,000	
Creditors: amounts falling due after more than one year	19				
Provisions for liabilities	21	(19,697)		-	
Net assets		6,276,684		1,000	
Capital and reserves					
Called up share capital	24	850		1,000	
Capital redemption reserve	25	150		-	
Profit and loss reserves	25	6,275,684		-	
Total equity		6,276,684		1,000	

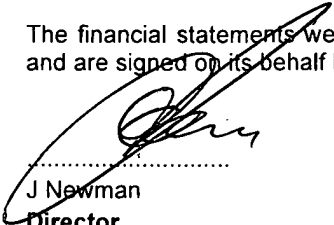
IKONIC TECHNOLOGY LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

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 £8,144,962 (2016 - £853,048 profit).

The financial statements were approved by the board of directors and authorised for issue on1/5/18
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 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2016		1,000	-	5,145,976	5,146,976
Year ended 31 December 2016:					
Profit for the year		-	-	2,117,080	2,117,080
Other comprehensive income:					
Currency translation differences		-	-	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
Year ended 31 December 2017:					
Profit for the year		-	-	1,828,038	1,828,038
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	5,826	5,826
Total comprehensive income for the year		-	-	1,833,864	1,833,864
Dividends	11	-	-	(661,178)	(661,178)
Own shares acquired		-	-	(1,208,100)	(1,208,100)
Redemption of shares	24	-	150	-	150
Reduction of shares	24	(150)	-	-	(150)
Balance at 31 December 2017		850	150	6,385,688	6,386,688

IKONIC TECHNOLOGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2016		1,000	-	-	1,000
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	853,048	853,048
Dividends	11	-	-	(853,048)	(853,048)
Balance at 31 December 2016		1,000	-	-	1,000
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	8,144,962	8,144,962
Dividends	11	-	-	(661,178)	(661,178)
Own shares acquired		-	-	(1,208,100)	(1,208,100)
Redemption of shares	24	-	150	-	150
Reduction of shares	24	(150)	-	-	(150)
Balance at 31 December 2017		850	150	6,275,684	6,276,684

IKONIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29		3,605,830		(713,696)
Interest paid			-		(2,966)
Income taxes paid			(1,003,884)		(227,877)
Net cash inflow/(outflow) from operating activities			2,601,946		(944,539)
Investing activities					
Purchase of intangible assets		(29,898)		(30,115)	
Proceeds on disposal of tangible fixed assets		3,263		2,000	
Purchase of tangible fixed assets		(5,038)		(5,160)	
Interest received		-		57	
Net cash used in investing activities			(31,673)		(33,218)
Financing activities					
Purchase of own shares		(1,208,100)		-	
Invoice discounting		(1,158,417)		1,820,016	
Proceeds of new bank loans		699,200		-	
Repayment of bank loans		(125,703)		-	
Dividends paid to equity shareholders		(661,178)		(853,048)	
Net cash (used in)/generated from financing activities			(2,454,198)		966,968
Net increase/(decrease) in cash and cash equivalents			116,075		(10,789)
Cash and cash equivalents at beginning of year			397,512		397,207
Effect of foreign exchange rates			5,826		11,094
Cash and cash equivalents at end of year			519,413		397,512

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Ikonik Technology Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is c/o Eurosimm Limited, P16, Parklands, Heywood Distribution Park, Heywood, Lancs, OL10 2TT.

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 £8,144,962 (2016 - £853,048 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 2017. 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 subsidiaries, Eurosimm Limited and Cetra IT Logistics and Services Limited) have been included in the group financial statements using the purchase method of accounting.

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.

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.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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	3 year straight line
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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	7 year straight line
Fixtures, fittings & equipment	3 year straight line
Motor vehicles	4 year 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.

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.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash at bank and in hand 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.

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.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 payments 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.

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.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimating the useful lives of property, plant and equipment

The group estimates the useful lives of property, plant and equipment based over the period which the assets are expected to be available for use. In addition, the group estimates the residual values of each asset on an asset by asset basis. The estimated useful lives and residual values are reviewed periodically and are updated if expectations differ from previous estimates. Based on the management's assessments as at 31 December 2017, there is no change in the estimated useful lives of those assets during the year which had not already been fully depreciated.

Stock valuation and net realisable values

The groups stock provision is one that adopts a combination of a specific line by line element and a general % allocation element, based on the ageing of stock. For the specific line by line element, management assess all lines on an individual basis and allocate a specific percentage of provision based on the expectations of the market. This encompasses various factors such as slow to no demand or outdated products. The remaining stock is then aged and a percentage is allocated to the totals of stock, within these aged brackets. This is 0% provision on stock purchased within 6 months, 25% on stock purchased between 6 and 12 months and 50% based on stock purchased over 12 months ago. This line by line element totalled £250,336 (2016 - 85,725) and the general ageing provision totalled £43,770 (2016 - £43,521).

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Sale of goods	64,021,208	59,440,416
Rendering of services	80,340	71,925
	<u>64,101,548</u>	<u>59,512,341</u>
	2017 £	2016 £
Turnover analysed by geographical market		
UK	38,117,443	31,109,820
Rest of Europe	18,313,197	22,027,336
Rest of the World	7,670,908	6,375,185
	<u>64,101,548</u>	<u>59,512,341</u>

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Exchange losses	76,360	30,518
Depreciation of owned tangible fixed assets	68,572	85,082
Loss on disposal of tangible fixed assets	59,683	2,330
Amortisation of intangible assets	125,954	124,209
Loss on disposal of intangible assets	50,729	10,602
Cost of stocks recognised as an expense	55,093,649	51,496,710
Operating lease charges	194,232	156,005

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group, company and subsidiaries.	32,000	29,000

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Directors	3	3	3	3
Sales and administration	55	61	-	-
	58	64	3	3

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	2,043,157	2,313,922	563,826	-
Social security costs	219,838	218,831	54,114	-
Pension costs	317,781	158,628	179,143	-
	2,580,776	2,691,381	797,083	-

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	21,118	28,729
Company pension contributions to defined contribution schemes	69,935	20,451
	<u>91,053</u>	<u>49,180</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	-	57
	<u>-</u>	<u>57</u>

Investment income includes the following:

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

9 Interest payable and similar expenses

	2017 £	2016 £
Other finance costs:		
Other interest	-	2,966
	<u>-</u>	<u>2,966</u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	497,282	603,885
Adjustments in respect of prior periods	2,631	(2,976)
Total current tax	<u>499,913</u>	<u>600,909</u>
Deferred tax		
Origination and reversal of timing differences	(22,095)	(29,029)
Total tax charge for the year	<u>477,818</u>	<u>571,880</u>

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	2017 £	2016 £
Profit before taxation	2,305,856	2,688,960
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	443,877	537,792
Tax effect of expenses that are not deductible in determining taxable profit	27,478	30,559
Adjustments in respect of prior years	2,631	-
Change of tax rate	2,825	(3,934)
Other tax adjustments	1,007	7,463
Taxation charge for the year	477,818	571,880

11 Dividends

	2017 £	2016 £
Final paid	661,178	853,048

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 January 2017	1,661,239	229,062	1,890,301
Additions	-	29,898	29,898
Disposals	-	(199,609)	(199,609)
At 31 December 2017	1,661,239	59,351	1,720,590
Amortisation and impairment			
At 1 January 2017	775,245	146,869	922,114
Amortisation charged for the year	110,749	15,205	125,954
Disposals	-	(148,880)	(148,880)
At 31 December 2017	885,994	13,194	899,188
Carrying amount			
At 31 December 2017	775,245	46,157	821,402
At 31 December 2016	885,994	82,193	968,187

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Intangible fixed assets

(Continued)

Company	Goodwill £	Software £	Total £
Cost			
At 1 January 2017	-	-	-
Additions - separately acquired	802,932	-	802,932
Transferred on hive up	-	59,351	59,351
At 31 December 2017	802,932	59,351	862,283
Amortisation and impairment			
At 1 January 2017	-	-	-
Transferred on hive up	-	8,998	8,998
Amortisation charged for the year	27,687	4,196	31,883
At 31 December 2017	27,687	13,194	40,881
Carrying amount			
At 31 December 2017	775,245	46,157	821,402
At 31 December 2016	-	-	-

13 Tangible fixed assets

Group	Leasehold improvements £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2017	213,844	332,847	69,727	616,418
Additions	-	5,038	-	5,038
Disposals	-	(113,293)	(8,583)	(121,876)
At 31 December 2017	213,844	224,592	61,144	499,580
Depreciation and impairment				
At 1 January 2017	51,778	101,010	56,702	209,490
Depreciation charged in the year	23,369	37,858	7,345	68,572
Eliminated in respect of disposals	-	(53,028)	(5,901)	(58,929)
At 31 December 2017	75,147	85,840	58,146	219,133
Carrying amount				
At 31 December 2017	138,697	138,752	2,998	280,447
At 31 December 2016	162,066	231,837	13,025	406,928

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Tangible fixed assets

(Continued)

Company	Leasehold improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2017	-	-	-	-
Transferred on hive up	213,844	224,592	61,144	499,580
At 31 December 2017	213,844	224,592	61,144	499,580
Depreciation and impairment				
At 1 January 2017	-	-	-	-
Transferred on hive up	70,010	73,226	57,397	200,633
Depreciation charged in the year	5,137	12,614	749	18,500
At 31 December 2017	75,147	85,840	58,146	219,133
Carrying amount				
At 31 December 2017	138,697	138,752	2,998	280,447

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	27	-	-	253,520	4,142,520

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2017	4,142,520
Disposals	(3,889,000)
At 31 December 2017	253,520
Carrying amount	
At 31 December 2017	253,520
At 31 December 2016	4,142,520

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
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	7,507,662	9,719,851	6,983,243	-
Carrying amount of financial liabilities				
Measured at amortised cost	559,037	779,961	559,037	-
Measured at undiscounted amount	8,637,174	9,045,912	8,107,376	4,142,520

16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	6,581,685	5,274,907	6,578,286	-

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	7,067,890	8,716,716	6,308,979	-
Unpaid share capital	1,000	1,000	1,000	1,000
Amounts owed by group undertakings	-	-	234,492	-
Other debtors	439,772	1,003,135	439,772	-
Prepayments and accrued income	142,230	233,275	137,483	-
	7,650,892	9,954,126	7,121,726	1,000

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	182,969	-	182,969	-
Trade creditors		3,280,189	3,369,393	3,215,998	-
Amounts due to group undertakings		-	-	214,327	4,142,520
Corporation tax payable		99,913	603,885	70,543	-
Other taxation and social security		212,921	518,019	446,807	-
Other creditors		4,169,189	5,085,790	3,498,135	-
Accruals and deferred income		1,111,745	960,679	1,102,865	-
		<u>9,056,926</u>	<u>10,537,766</u>	<u>8,731,644</u>	<u>4,142,520</u>

Within other creditors there are amounts totalling £559,036 (2016 - £779,961) relating to amounts owed to directors, which are interest free and repayable on demand.

Other creditors includes an invoice discounting facility totalling £3,203,021 (2016 - £4,361,438). The invoice discounting balance is secured by a debenture and a floating charge over the assets of the company.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	<u>390,528</u>	<u>-</u>	<u>390,528</u>	<u>-</u>

20 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	<u>573,497</u>	<u>-</u>	<u>573,497</u>	<u>-</u>
Payable within one year	182,969	-	182,969	-
Payable after one year	<u>390,528</u>	<u>-</u>	<u>390,528</u>	<u>-</u>

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

Two loans totalling £699,200 were taken out in the year, both having repayment terms of 4 years, being repaid via monthly instalments. One loan is charged a variable interest rate of 1.85% per annum over the Bank of England base rate and the other is charged a fixed rate of 2.4%.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Provisions for liabilities

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Deferred tax liabilities	22	19,697	41,792	19,697	-

22 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:

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	36,697	61,178
Other timing differences	(17,000)	(19,386)
	<u>19,697</u>	<u>41,792</u>
Company	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	36,697	-
Other timing differences	(17,000)	-
	<u>19,697</u>	<u>-</u>
Movements in the year:	Group 2017 £	Company 2017 £
Liability at 1 January 2017	41,792	-
(Credit)/charge to profit or loss	(22,095)	19,697
	<u>19,697</u>	<u>19,697</u>

The deferred tax liability set out above £18,823 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

23 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	317,781	158,628

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 group to the fund.

24 Share capital

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and not fully paid		
85,000 "A" Ordinary shares of 1p each	850	850
"B" Ordinary shares of 1p each	-	150
	850	1,000

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

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 and subsequently cancelled.

25 Reserves

Profit and loss reserves

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

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

26 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 2017 £	2016 £	Company 2017 £	2016 £
Within one year	148,464	148,464	148,464	-
Between two and five years	581,580	586,045	581,580	-
In over five years	332,186	476,186	332,186	-
	<u>1,062,230</u>	<u>1,210,695</u>	<u>1,062,230</u>	<u>-</u>

During the year, the trade and assets of Eurosim Limited were hived up to the parent company, Ikonik Technology Limited. The lease commitments transferred from Eurosim Limited to Ikonik Technology Limited at this point.

27 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Cetra IT Logistics and Services Limited	C/o UHY Hacker Young, St James Building, 79 Oxford Street, Manchester, M1 6HT	Supply of IT products	Ordinary	100	
Eurosim Limited	P16, Parklands, Heywood Distribution Park, Heywood, Lancs, OL10 2TT	Supply of IT products	Ordinary	100	

All companies detailed above are included within these consolidated accounts.

For the year ending 31 December 2017 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.

On the 30 September 2017 Eurosim Limited hived up its trade and assets to Ikonik Technology Limited.

IKONIC TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

28 Controlling party

In the opinion of the directors there is no controlling party.

29 Cash generated from operations	2017 £	2016 £
Profit for the year after tax	1,828,038	2,117,080
Adjustments for:		
Taxation charged	477,818	571,880
Finance costs	-	2,966
Investment income	-	(57)
Loss on disposal of tangible fixed assets	50,729	7,631
Loss on disposal of intangible fixed assets	59,683	5,301
Amortisation and impairment of intangible assets	125,954	124,209
Depreciation and impairment of tangible fixed assets	68,572	85,082
Movements in working capital:		
(Increase) in stocks	(1,306,778)	(1,489,267)
Decrease/(increase) in debtors	2,303,235	(2,558,157)
(Decrease)/increase in creditors	(1,421)	419,636
Cash generated from/(absorbed by) operations	3,605,830	(713,696)

30 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 £661,178 (2016 - £853,048) were paid in the year in respect of shares held by the company's directors.