

Company Registration No. NI639287 (Northern Ireland)

EOS IT HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019



EOS IT HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr Adrian Strain Mr Brendan Strain Mr Daniel Strain Mr John Strain Mrs Elaine Strain Mrs Ruth Strain Mrs Tanya Strain
Company number	NI639287
Registered office	105 Culcavy Road Hillsborough Co. Down Northern Ireland BT26 6HH
Auditor	PKF-FPM Accountants Limited Dromalane Mill The Quays Newry Co. Down Northern Ireland BT35 8QS
Bankers	Bank of Ireland 17 Bridge Street Banbridge Co. Down Northern Ireland BT32 3JL
Solicitors	Tughans Solicitors Marlborough House 30 Victoria Street Belfast Co. Antrim Northern Ireland BT1 3GG

EOS IT HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 10
Group statement of comprehensive income	11
Group balance sheet	12
Company balance sheet	13
Group statement of changes in equity	14
Company statement of changes in equity	15
Group statement of cash flows	16
Company statement of cash flows	17
Notes to the financial statements	18 - 37

EOS IT HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Fair review of the business

The principal activity of the company is the holding of investments in subsidiary companies.

The group's principal activity during the year was the installation, maintenance and sale of video communication systems. There has been no significant changes in these activities during the year ended 30 June 2019.

The group achieved turnover of £172.1m (2018: £95.6m) for the year ended 30 June 2019 and the gross margin for the year was 15.4% (2018: 15.7%).

The directors are satisfied with the group's performance this year.

Principal risks and uncertainties

The group uses financial instruments throughout its business. The core risks associated with the group's financial instruments (i.e. its interest-bearing loans, cash, short-dated liquid investments and finance leases, on the operational level trade receivables and payables) are currency risk, credit risk and liquidity risk. The board reviews and agrees policies for the prudent management of these risks as follows:

Currency risk - As a result of the considerable trade with Republic of Ireland, USA and the Rest of the World, the results of the group can be affected by movements in the euro/ sterling/ dollar exchange rates. The risk is managed by close supervision of pricing. Variances affecting operational activities in this regard are reflected in administrative expenses in the profit and loss account in the years in which they arise.

Liquidity and cash flow risk - The group's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities. The group's policy is to ensure that sufficient resources are available either from cash balances, cash flows and near cash liquid investments to ensure all obligations can be met when they fall due. To achieve this the group ensures that its liquid investments are in highly rated counterparties; when relevant, it limits the maturity of cash balances and borrows the majority of its debt needs under term financing.

Credit risk - The group has no significant concentrations of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

EOS IT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Development and performance

The directors consider the results for the year to be satisfactory in terms of turnover and operating profits, as quantified below. It is anticipated, however, that the current levels of performance will be maintained or improved upon in 2020.

The directors have significant growth plans in place with incorporations in China, the Philippines and South Korea following the financial year end.

The directors have reviewed future cash forecasts for the group's activities and believe that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The directors are committed to long term creation of shareholder value by increasing the group's market share through continued organic growth. While the upcoming year is likely to be challenging, early results are satisfactory and the directors expect another good year.

Key performance indicators

	2019	2018	2017
Operating profit margin	13.1%	13.1%	13.7%
Shareholders' Equity	£42,047,762	£23,535,149	£13,879,548

Other performance indicators

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

The directors expect to implement an ongoing programme of staff recruitment to ensure that appropriate staff are in place to facilitate the anticipated growth in turnover levels. The group is committed to training and development of both existing and new employees.

Other information and explanations

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

On behalf of the board



Mr Brendan Strain

Director

31 March 2020

EOS IT HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company is the holding of investments in subsidiary companies.

The principal activity of the group is the installation, maintenance and sale of video communication systems.

Directors

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

Mr Adrian Strain
Mr Brendan Strain
Mr Daniel Strain
Mr John Strain
Mrs Elaine Strain
Mrs Ruth Strain
Mrs Tanya Strain

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £680,000. The directors do not recommend payment of a further dividend.

Financial instruments

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in the the notes to the financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EOS IT HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Post reporting date events

There have been no significant events affecting the group since the year-end.

Future developments

The group plans to continue its present activities and improve on the current trading levels. Employees are kept as fully informed as practicable about developments within the business.

Likely future developments in the business of the group are discussed in the strategic report.

Auditor

In accordance with the company's articles, a resolution proposing that PKF-FPM Accountants Limited be reappointed as auditor of the group will be put at a General Meeting.

EOS IT HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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 auditor of the company is 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 auditor of the company is aware of that information.

Research and development

The group is committed to research and development activities principally in relation to product and process development, in order to secure its position as a world leader in the industry.

On behalf of the board



Mr Brendan Strain

Director

31 March 2020

EOS IT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EOS IT HOLDINGS LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.

Opinion

We have audited the financial statements of EOS IT Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EOS IT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EOS IT HOLDINGS LIMITED

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.

EOS IT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EOS IT HOLDINGS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

EOS IT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EOS IT HOLDINGS 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, 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.

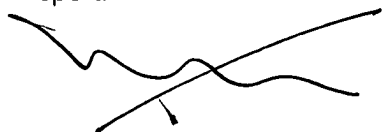
EOS IT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EOS IT HOLDINGS LIMITED

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.



Paddy Harty (Senior Statutory Auditor)
for and on behalf of PKF-FPM Accountants Limited
Chartered Accountants

Statutory Auditors

Dromalane Mill

The Quays

Newry

Co. Down

Northern Ireland

BT35 8QS

31 March 2020

EOS IT HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	172,129,283	95,644,157
Cost of sales		(145,591,543)	(80,604,871)
Gross profit		26,537,740	15,039,286
Administrative expenses		(4,021,887)	(2,501,374)
Other operating income		1,507	-
Operating profit	4	22,517,360	12,537,912
Interest payable and similar expenses	7	(37,103)	(535)
Profit before taxation		22,480,257	12,537,377
Tax on profit	8	(3,287,644)	(2,281,776)
Profit for the financial year		19,192,613	10,255,601

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.

EOS IT HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10	686,481		289,235	
Investments	11	42		42	
		<u>686,523</u>		<u>289,277</u>	
Current assets					
Stocks	14	17,069,218	12,377,074		
Debtors	15	20,835,388	18,404,730		
Cash at bank and in hand		19,288,271	8,218,689		
		<u>57,192,877</u>	<u>39,000,493</u>		
Creditors: amounts falling due within one year	16	(15,789,000)	(15,748,269)		
Net current assets		<u>41,403,877</u>		<u>23,252,224</u>	
Total assets less current liabilities		<u>42,090,400</u>		<u>23,541,501</u>	
Provisions for liabilities	19	(42,638)		(6,352)	
Net assets		<u><u>42,047,762</u></u>		<u><u>23,535,149</u></u>	
Capital and reserves					
Called up share capital	21	32	32		
Other reserves		15,056	15,056		
Profit and loss reserves		42,032,674	23,520,061		
Total equity		<u><u>42,047,762</u></u>		<u><u>23,535,149</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 31 March 2020 and are signed on its behalf by:



Mr Brendan Strain

Director

EOS IT HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	11		15,103		15,103
Current assets					
Debtors	15	10,490,032		32	
Cash at bank and in hand		8,510,000		7,000	
		<u>19,000,032</u>		<u>7,032</u>	
Creditors: amounts falling due within one year	16	<u>(15,103)</u>		<u>(22,103)</u>	
Net current assets/(liabilities)			18,984,929		(15,071)
Total assets less current liabilities			<u>19,000,032</u>		<u>32</u>
Capital and reserves					
Called up share capital	21		32		32
Profit and loss reserves			19,000,000		-
Total equity			<u>19,000,032</u>		<u>32</u>

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 £19,680,000 (2018 - £600,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 31 March 2020 and are signed on its behalf by:



Mr Brendan Strain
Director

Company Registration No. NI639287

EOS IT HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 July 2017		32	15,056	13,864,460	13,879,548
Year ended 30 June 2018:					
Profit and total comprehensive income for the year		-	-	10,255,601	10,255,601
Dividends	9	-	-	(600,000)	(600,000)
Balance at 30 June 2018		32	15,056	23,520,061	23,535,149
Year ended 30 June 2019:					
Profit and total comprehensive income for the year		-	-	19,192,613	19,192,613
Dividends	9	-	-	(680,000)	(680,000)
Balance at 30 June 2019		32	15,056	42,032,674	42,047,762

EOS IT HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2017		32	-	32
Year ended 30 June 2018:				
Profit and total comprehensive income for the year		-	600,000	600,000
Dividends	9	-	(600,000)	(600,000)
Balance at 30 June 2018		32	-	32
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	19,680,000	19,680,000
Dividends	9	-	(680,000)	(680,000)
Balance at 30 June 2019		32	19,000,000	19,000,032

EOS IT HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	16,200,778		3,062,052	
Interest paid		(37,103)		(535)	
Income taxes paid		(3,378,856)		(1,151,831)	
Net cash inflow from operating activities		<u>12,784,819</u>		<u>1,909,686</u>	
Investing activities					
Purchase of tangible fixed assets		(504,436)		(140,183)	
Proceeds on disposal of tangible fixed assets		25,242		-	
Proceeds from other investments and loans		(15)		15	
Net cash used in investing activities		<u>(479,209)</u>		<u>(140,168)</u>	
Financing activities					
Repayment of borrowings		-		(94,433)	
Payment of finance leases obligations		(6,153)		(6,596)	
Dividends paid to equity shareholders		(680,000)		(600,000)	
Net cash used in financing activities		<u>(686,153)</u>		<u>(701,029)</u>	
Net increase in cash and cash equivalents		<u>11,619,457</u>		<u>1,068,489</u>	
Cash and cash equivalents at beginning of year		7,668,814		6,600,325	
Cash and cash equivalents at end of year		<u><u>19,288,271</u></u>		<u><u>7,668,814</u></u>	
Relating to:					
Cash at bank and in hand		19,288,271		8,218,689	
Bank overdrafts included in creditors payable within one year		-		(549,875)	

EOS IT HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28	(10,497,000)		7,000	
Investing activities					
Dividends received		19,680,000		600,000	
Net cash generated from investing activities		19,680,000		600,000	
Financing activities					
Dividends paid to equity shareholders		(680,000)		(600,000)	
Net cash used in financing activities		(680,000)		(600,000)	
Net increase in cash and cash equivalents		8,503,000		7,000	
Cash and cash equivalents at beginning of year		7,000		-	
Cash and cash equivalents at end of year		8,510,000		7,000	

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

EOS IT Holdings Limited ("the company") is a private limited company domiciled and incorporated in Northern Ireland. The registered office is 105 Culcavy Road, Hillsborough, Co. Down, BT26 6HH.

The group consists of EOS IT Holdings 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of EOS IT Holdings 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 merger method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2019. 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.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

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 recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 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:

Fixtures, fittings and equipment	10% Straight line
Computers	20% Straight line
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.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 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.

1.10 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.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

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.

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.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Basic financial 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.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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.

1.13 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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.16 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 in the period are included in profit or loss.

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.

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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amounts of the tangible assets and note 1.5 for the useful economic lives for each class of assets.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of the trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Stock provision

The group purchases and sells video communication systems. As a result it is necessary to consider the recoverability of the cost of stock and the associate provisioning required. When calculating the stock provision, management considers the nature and conditions of the stock, as well as applying assumptions around the anticipated saleability of finished goods.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Turnover and other revenue

An analysis of turnover by class of business and geographical market is not given as, in the opinion of the directors, this would be seriously prejudicial to the group's interests.

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(480,443)	(200,960)
Depreciation of owned tangible fixed assets	90,614	41,820
Profit on disposal of tangible fixed assets	(8,666)	-
Cost of stocks recognised as an expense	131,753,106	71,299,128
Operating lease charges	765,877	477,509
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	4,500	2,000
Audit of the financial statements of the company's subsidiaries	35,000	23,500
	<u> </u>	<u> </u>
	39,500	25,500
	<u> </u>	<u> </u>
For other services		
All other non-audit services	24,040	9,500
	<u> </u>	<u> </u>

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Direct	252	149	-	-
Admin	40	50	-	-
	<u>292</u>	<u>199</u>	<u>-</u>	<u>-</u>
Total	<u>292</u>	<u>199</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	9,797,430	6,020,694	-	-
Social security costs	707,968	386,894	-	-
Pension costs	96,403	62,747	-	-
	<u>10,601,801</u>	<u>6,470,335</u>	<u>-</u>	<u>-</u>
	<u>10,601,801</u>	<u>6,470,335</u>	<u>-</u>	<u>-</u>

7 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	24,360	535
Other finance costs:		
Other interest	12,743	-
	<u>37,103</u>	<u>535</u>
Total finance costs	<u>37,103</u>	<u>535</u>

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	3,632,159	2,216,791
Adjustments in respect of prior periods	(380,801)	82,274
Total current tax	3,251,358	2,299,065
Deferred tax		
Origination and reversal of timing differences	36,286	(17,289)
Total tax charge	3,287,644	2,281,776

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

	2019 £	2018 £
Profit before taxation	22,480,257	12,537,377
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	4,271,249	2,382,102
Tax effect of expenses that are not deductible in determining taxable profit	34,703	4,317
Tax effect of income not taxable in determining taxable profit	(279,473)	-
Gains not taxable	-	(33,339)
Adjustments in respect of prior years	(380,356)	110,660
Permanent capital allowances in excess of depreciation	(19,257)	628
Difference in tax rates	(258,897)	(94,917)
Exchange movements on consolidation conversion	(80,325)	(87,675)
Taxation charge	3,287,644	2,281,776

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

9 Dividends

	2019 £	2018 £
Interim paid	680,000	600,000

10 Tangible fixed assets

Group	Fixtures, fittings and equipment £	Computers £	Motor vehicles £	Total £
Cost				
At 1 July 2018	218,307	-	166,837	385,144
Additions	58,370	103,504	342,562	504,436
Disposals	-	-	(32,716)	(32,716)
At 30 June 2019	276,677	103,504	476,683	856,864
Depreciation and impairment				
At 1 July 2018	43,489	-	52,420	95,909
Depreciation charged in the year	26,423	6,314	57,877	90,614
Eliminated in respect of disposals	-	-	(16,140)	(16,140)
At 30 June 2019	69,912	6,314	94,157	170,383
Carrying amount				
At 30 June 2019	206,765	97,190	382,526	686,481
At 30 June 2018	174,818	-	114,417	289,235

The company had no tangible fixed assets at 30 June 2019 or 30 June 2018.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

11 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	12	-	-	15,103	15,103
Investments in joint ventures		42	42	-	-
		<u>42</u>	<u>42</u>	<u>15,103</u>	<u>15,103</u>

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 July 2018 and 30 June 2019	42
Carrying amount	
At 30 June 2019	42
At 30 June 2018	42

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 July 2018 and 30 June 2019	15,103
Carrying amount	
At 30 June 2019	15,103
At 30 June 2018	15,103

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

12 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
EOS IT Management Solutions (Australia) PTY Ltd	Australia	Ordinary	100.00	-
EOS IT Management Solutions (SG) PTE Ltd	Singapore	Ordinary	-	100.00
EOS IT Management Solutions (UK) Limited	Northern Ireland	Ordinary	100.00	-
EOS IT Management Solutions Inc	United States	Ordinary	100.00	-
EOS IT Management Solutions Israel Ltd	Israel	Ordinary	-	100.00
EOS IT Management Solutions Limited	Republic of Ireland	Ordinary	100.00	-
EOS IT Management Solutions So Brasil Ltda	Brazil	Ordinary	-	100.00
EXOS IT Management Private Limited	India	Ordinary	-	100.00

13 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	19,689,507	16,614,522	10,490,032	32
Carrying amount of financial liabilities				
Measured at amortised cost	12,766,445	13,246,005	15,103	22,103

14 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	17,069,218	12,377,074	-	-

Stock is stated after provision for impairment of £Nil (2018: £Nil).

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	18,963,275	15,167,024	-	-
Corporation tax recoverable	271,245	-	-	-
Amounts owed by group undertakings	-	-	10,490,000	-
Other debtors	1,435,942	2,227,670	32	32
Prepayments and accrued income	164,926	1,010,036	-	-
	<u>20,835,388</u>	<u>18,404,730</u>	<u>10,490,032</u>	<u>32</u>

Trade debtors are stated after provisions for impairment of £Nil (2018: £Nil).

16 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	17	-	549,875	-	-
Obligations under finance leases	18	4,382	10,535	-	-
Trade creditors		11,551,379	11,576,443	-	-
Amounts owed to group undertakings		-	-	15	7,015
Corporation tax payable		1,737,597	1,593,850	-	-
Other taxation and social security		1,284,958	908,414	-	-
Other creditors		361,688	496,783	15,088	15,088
Accruals and deferred income		848,996	612,369	-	-
		<u>15,789,000</u>	<u>15,748,269</u>	<u>15,103</u>	<u>22,103</u>

17 Loans and overdrafts

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank overdrafts	-	549,875	-	-
	<u>-</u>	<u>549,875</u>	<u>-</u>	<u>-</u>
Payable within one year	-	549,875	-	-
	<u>-</u>	<u>549,875</u>	<u>-</u>	<u>-</u>

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	4,382	10,535	-	-

Finance lease payments represent rentals payable by the group for motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	42,638	6,352

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 July 2018	6,352	-
Charge to profit or loss	36,286	-
Liability at 30 June 2019	42,638	-

The deferred tax liability set out above is expected to reverse within 60 months and relates to accelerated capital allowances that are expected to mature within the same period.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

20 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	96,403	62,747

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
32 of £1 each	32	32

22 Operating lease commitments

Lessee

At the year end the group had total commitments under operating leases expiring within one year of £696,842 (2018; £469,032).

23 Events after the reporting date

There have been no significant events affecting the group since the year-end.

24 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Group				
Other related parties	57,339	149,477	2,352,023	668,854

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

24 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019	2018
	£	£
Group		
Other related parties	-	347,583
	<u> </u>	<u> </u>

The above related parties are deemed related due to being under common control.

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019	2018
	Balance	Balance
	£	£
Group		
Other related parties	668,785	1,364,443
	<u> </u>	<u> </u>

The above related parties are deemed related due to being under common control.

Other information

The group has availed of the exemption under FRS102 in relation to the disclosure of transactions with group companies.

There is no key management compensation or other material party transactions requiring disclosure.

25 Directors' transactions

Dividends totalling £680,000 (2018 - £600,000) were paid in the year in respect of shares held by the company's directors.

26 Controlling party

The ultimate controlling party is the Strain family.

EOS IT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

27 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	19,192,613	10,237,244
Adjustments for:		
Taxation charged	3,287,644	2,281,776
Finance costs	37,103	535
Gain on disposal of tangible fixed assets	(8,666)	-
Depreciation and impairment of tangible fixed assets	90,614	41,820
Movements in working capital:		
Increase in stocks	(4,692,144)	(7,465,653)
Increase in debtors	(2,159,398)	(5,798,346)
Increase in creditors	453,012	3,764,676
Cash generated from operations	16,200,778	3,062,052

28 Cash (absorbed by)/generated from operations - company

	2019 £	2018 £
Profit for the year after tax	19,680,000	600,000
Adjustments for:		
Investment income	(19,680,000)	(600,000)
Movements in working capital:		
Increase in debtors	(10,490,000)	-
(Decrease)/increase in creditors	(7,000)	7,000
Cash (absorbed by)/generated from operations	(10,497,000)	7,000