Årsredovisning

för

Consultec Group AB

556385-6300

Räkenskapsåret

2024

Fastställelseintyg

Jag intygar att resultaträkningen och balansräkningen har fastställts på årsstämma 2025-06-17.
Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.
Jag intygar att innehållet i dessa elektroniska handlingar överensstämmer med originalen och att originalen undertecknats av samtliga personer som enligt lag ska underteckna dessa.

Elektroniskt underskriven av:

Anders Karlsson, Styrelseledamot
2025-06-25

Styrelsen för Consultec Group AB avger följande årsredovisning för räkenskapsåret 2024.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Bolaget är koncernmoder i Sverige för Consultec-gruppen. Aktierna i bolaget ägs till 100% av Eleco Plc, England.

För övrig information hänvisas till företagets hemsida, www.elecosoft.se.

Företaget har sitt säte i Skellefteå.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser som påverkat bolaget har inträffat under året.

Ägarförhållanden

Samtliga aktier i bolaget ägs av Eleco Plc, 354615. Moderbolaget för hela koncernen är Eleco Plc, England.

Flerårsöversikt (Tkr)	**2024**	**2023**	**2022**	**2021**	**2020**
Nettoomsättning	0	0	0	0	0
Resultat efter finansiella poster	692	180	286	-486	-3 254
Balansomslutning	25 330	23 402	36 862	27 604	20 978
Soliditet (%)	88,58	86,59	88,92	86,32	85,96

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändringar i eget kapital

	Aktie-kapital	**Reserv-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	351 000	70 200	280 145	9 494 958	**10 196 303**
Disposition enligt beslut av årsstämman:					
Utdelning			-9 000 000		**-9 000 000**
Balanseras i ny räkning			9 494 958	-9 494 958	**0**
Årets resultat				13 357 418	**13 357 418**
Belopp vid årets utgång	**351 000**	**70 200**	**775 103**	**13 357 418**	**14 553 721**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	775 103
årets vinst	13 357 418
	14 132 521
disponeras så att	
i ny räkning överföres	14 132 521
	14 132 521

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

Resultaträkning

	Not	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
Rörelseresultat		**0**	**0**
Resultat från finansiella poster			
Ränteintäkter från koncernföretag	2	38 730	37 722
Övriga ränteintäkter och liknande resultatposter	2	670 622	144 508
Räntekostnader och liknande resultatposter	3	-17 211	-1 860
		692 141	**180 370**
Resultat efter finansiella poster		**692 141**	**180 370**
Bokslutsdispositioner	4	16 250 000	11 900 000
Resultat före skatt		**16 942 141**	**12 080 370**
Skatt på årets resultat		-3 584 723	-2 585 412
Årets resultat		**13 357 418**	**9 494 958**

Balansräkning

	Not	2024-12-31	2023-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5, 6	4 941 885	4 941 885
Fordringar hos koncernföretag	7	11 456 778	18 415 787
		16 398 663	**23 357 672**
Summa anläggningstillgångar		**16 398 663**	**23 357 672**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		8 807 579	0
Övriga fordringar		1 508	0
		8 809 087	**0**
Kassa och bank		122 735	44 078
Summa omsättningstillgångar		**8 931 822**	**44 078**
SUMMA TILLGÅNGAR		**25 330 485**	**23 401 750**

Balansräkning

	Not	2024-12-31	2023-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		351 000	351 000
Reservfond		70 200	70 200
		421 200	**421 200**
Fritt eget kapital			
Balanserad vinst eller förlust		775 103	280 145
Årets resultat		13 357 418	9 494 958
		14 132 521	**9 775 103**
Summa eget kapital		**14 553 721**	**10 196 303**
Obeskattade reserver	8	9 930 000	12 680 000
Kortfristiga skulder			
Aktuella skatteskulder		846 764	525 447
Summa kortfristiga skulder		**846 764**	**525 447**
SUMMA EGET KAPITAL OCH SKULDER		**25 330 485**	**23 401 750**

Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Ränteintäkter
Ränteintäkter redovisas i takt med att de intjänas. Beräkning av ränteintäkter görs på basis av den underliggande tillgångens avkastning enligt effektivräntemetoden.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Nedskrivningsprövning av finansiella anläggningstillgångar
Vid varje balansdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Likvida medel
Likvida medel består av disponibla tillgodohavanden hos banker.

Eget kapital
Eget kapital i företaget består av följande poster:
Aktiekapital som representerar det nominella värdet för emitterade och registrerade aktier.
Reservfond som härrör från när det fanns ett krav enligt ABL att göra avsättning till reservfond.
Balanserad vinst/Ansamlad förlust, dvs alla balanserade vinster/förluster och aktierelaterade ersättning för innevarande och tidigare perioder samt förvärv av egna aktier. Här ingår också reserver för finansiella tillgångar tillgängliga för försäljning och kassaflödessäkringar som innehåller vinster och förluster relaterade till dessa typer av finansiella instrument.

Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Not 2 Övriga ränteintäkter och liknande resultatposter

	2024	2023
Ränteintäkter från koncernföretag	38 730	37 722
Valutakursdifferenser fordringar	670 622	144 508
	709 352	**182 230**

Not 3 Räntekostnader och liknande resultatposter

	2024	2023
Övriga räntekostnader	17 211	1 860
	17 211	**1 860**

Not 4 Bokslutsdispositioner

	2024	2023
Erhållna koncernbidrag	13 500 000	9 100 000
Återföring av periodiseringsfonder	2 750 000	2 800 000
	16 250 000	**11 900 000**

Not 5 Andelar i koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	4 941 885	4 941 885
Utgående ackumulerade anskaffningsvärden	**4 941 885**	**4 941 885**
Utgående redovisat värde	**4 941 885**	**4 941 885**

Not 6 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Elecosoft Consultec AB	100%	100%	10 000	4 941 885
				4 941 885

	Org.nr	Säte	Eget kapital	Resultat
Elecosoft Consultec AB	556453-1514	Skellefteå	5 248 706	595 062

Not 7 Fordringar hos koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	18 415 787	31 870 198
Tillkommande fordringar	1 165 304	10 473 636
Avgående fordringar	-455 952	-23 928 047
Omklassificeringar	-7 668 361	
Utgående ackumulerade anskaffningsvärden	**11 456 778**	**18 415 787**
Utgående redovisat värde	**11 456 778**	**18 415 787**

Not 8 Obeskattade reserver

	2024-12-31	2023-12-31
Periodiseringsfonder	9 930 000	12 680 000
	9 930 000	**12 680 000**

Not 9 Uppgifter om moderföretag

Företaget är moderbolag men upprättar enligt 7 kap. 2 § ÅRL inte någon koncernredovisning.Moderbolaget i den största koncernen som Consultec Group AB är dotterbolag till och där koncernredovisning upprättas är Eleco Plc, reg.nr. 354615, med säte i England. Moderbolagets adress är Eleco Plc, Dawson House, 5 Jewry Street, London EC3N 2EX.

Not 10 Väsentliga händelser efter räkenskapsårets slut

Inga händelser som leder till justeringar eller betydande händelser som inte leder till justeringar har inträffat mellan balansdagen och datumet för utfärdande.

Skellefteå 2025-06-16

Jonathan Hunter
Jonathan Hunter
Ordförande

Anders Karlsson
Anders Karlsson

Vår revisionsberättelse har lämnats 2025-06-16

RSM Stockholm AB

Erik Olofsson
Erik Olofsson
Auktoriserad revisor

REVISIONSBERÄTTELSE

Till bolagsstämman i Consultec Group Aktiebolag, org.nr 556385-6300

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Consultec Group Aktiebolag för räkenskapsåret 1 januari 2024 till 31 december 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Consultec Group Aktiebolags finansiella ställning per den 31 december 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Consultec Group Aktiebolag enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Consultec Group Aktiebolag för räkenskapsåret 1 januari 2024 till 31 december 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Consultec Group Aktiebolag enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 16 juni 2025

RSM Stockholm AB

Erik Olofsson
Erik Olofsson
Auktoriserad revisor

Creating certainty for the built environment

Independent Auditor's Report
to the members of Eleco plc

Opinion

We have audited the financial statements of Eleco Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 *group and the parent 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 as applied to listed entities 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.

Summary of our audit approach

Key audit matters	**Group** ▪ Control environment and adjustments – Veeuze Gmbh (Germany) **Parent Company** ▪ None
Materiality	**Group** ▪ Overall materiality: £340,000 (2023: £280,000) ▪ Performance materiality: £255,000 (2023: £210,000) **Parent Company** ▪ Overall materiality: £131,200 (2023: £148,000) ▪ Performance materiality: £98,400 (2023: £111,000)
Scope	Our audit procedures covered 94% of revenue, 98% of total assets and 92% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Control environment and adjustments – Veeuze Gmbh (Germany)

Key audit matter desciption	As set out in the Audit and Risk Committee Report on page 44, management identified a number of control deficiencies resulting in a high volume of adjustments to the initial trial balance which was included in the draft consolidation with respect to the German component, Veeuze Gmbh. Management consider the deficiencies which have resulted in errors from the poor control environment due to high staff turnover in the component including during the preparation of the year-end process. The issue has required significant time and resource allocation to complete our work in this area and conclude management's assessment as reasonable, and in particular involved senior members of both the audit team and management to review and discuss the nature and quantum of adjustments. Additional work was performed and has required a significant allocation of resources during the audit process.
How the matter was addressed in the audit	Our audit approach included the following: ▪ Holding detailed discussions with local and group management, and the Board in respect to the adjustments and control deficiencies identified. ▪ Obtained management's paper which set out the issue and the steps taken by management to remedy issues identified. ▪ Attend calls with local and group management to understand the actions taken to remedy issues identified, and calls with third parties that management utilised to assist with corrections and adjustments ▪ Obtained a list of adjustments identified by management and tested a sample of adjustments to supporting documentation and/or management explanation. ▪ Performed substantive testing on areas of the profit and loss and balance sheet as at the year-end date. ▪ Performed post year end testing by testing a sample of after date payments and receipts.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall Materiality	£340,000 (2023: £280,000)	£131,200 (2023: £148,000)
Basis for determining overall materiality	4.7% of EBITDA	0.8% of net assets (as restricted for the purposes of providing a Group opinion)
Rationale for benchmark applied	Include details of any significant qualitative considerations in evaluating materiality.	Parent company is a holding company so net assets used as a benchmark.
Performance materiality	£255,000 (2023: £210,000)	£98,400 (2023:£111,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £17,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £6,560 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

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Independent Auditor's Report Continued
to the members of Eleco plc

An overview of the scope of our audit

The group consists of 13 components, located in the following countries;

- United Kingdom
- Sweden
- Germany
- United States
- Netherlands
- Australia
- Romania

The coverage achieved by our audit procedures was as shown in the table below:

Full scope audits were performed for 4 components, with 2 component subject to specific audit procedures.

	Number of components	Revenue	Total Assets	Profit before tax
Full scope audit	4	78%	94%	77%
Specific audit procedures	2	16%	4%	15%
Total	**6**	**94%**	**98%**	**92%**

Of the above, full scope audits for 1 component was undertaken by component auditors.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining, reviewing and evaluating management's 18-month cash flow forecasts to June 2026, including challenging the assumptions made by management.
- Checking the arithmetic accuracy of the forecasts that form the basis of the directors' going concern assessment.
- Reviewing the latest monthly management accounts and cash position to the end of March 2025 to compare actual results against the forecast prepared; and
- Assessing the appropriateness of the going concern disclosures

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 page 58, 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.

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Independent Auditor's Report Continued
to the members of Eleco plc

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation/ Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS, FRS102 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors. Inspection of correspondence with local tax authorities. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition – occurrence and valuation	In order to address the risks associated with revenue, we obtained an understanding of the processes and controls around revenue recognition and how they are implemented. Used data analytics software to test the sales cycle for revenue transactions in the group and analysed the postings to identify any items which did not appear to match the expected transactions flows and investigated a sample of these by obtaining support to confirm they are an appropriate revenue transaction. To support our procedures above, traced a sample of cash book receipts to supporting sales invoices and bank statements.
Management override of controls	Tested the appropriateness of journal entries and other adjustments; Assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluated the business rationale of any significant transactions that are unusual or *outside the normal course of business.*

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.

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Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Euan Banks (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 April 2025

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Consolidated Income Statement
For the year ended 31 December 2024

Continuing operations	Note	2024 £'000	2023 £'000
Revenue	1	**32,394**	28,006
Cost of sales		**(3,482)**	(2,855)
Gross profit		**28,912**	25,151
Depreciation and amortisation of intangible assets	10,11, 22	**(3,183)**	(2,404)
Acquisition-related expenses and stamp duties		**(432)**	(279)
Share-based payments		**(60)**	(190)
Other selling and administrative expenses		**(21,181)**	(19,075)
Selling and administrative expenses		**(24,856)**	(21,948)
Operating profit	3	**4,056**	3,203
Gain on business disposal	27	**–**	152
Finance expense	5	**(72)**	(65)
Finance income	5	**310**	127
Profit before taxation		**4,294**	3,417
Taxation	6	**(960)**	(762)
Profit after taxation for the year		**3,334**	2,655
Attributable to:			
Equity holders of the parent		**3,334**	2,655
Earnings per share – (pence per share)			
Basic earnings per share	8	**4.0p**	3.2p
Diluted earnings per share	8	**4.0p**	3.2p

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	2024 £'000	2023 £'000
Profit for the year	**3,334**	2,655
Other comprehensive expense:		
Items that will be reclassified subsequently to profit or loss:		
Translation differences on foreign operations	**(196)**	(124)
Other comprehensive expense net of taxation	**(196)**	(124)
Total comprehensive income for the year	**3,138**	2,531
Attributable to:		
Equity holders of the parent	**3,138**	2,531

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Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Share options reserve £'000	Employee share ownership trust £'000	Retained earnings £'000	Total £'000
At 1 January 2023	832	2,406	1,002	(385)	553	(358)	21,792	25,842
Dividends	–	–	–	–	–	–	(1,094)	(1,094)
Share-based payments	–	–	–	–	190	–	–	190
Deferred tax on intrinsic value of vested options	–	–	–	–	(122)	–	–	(122)
Issue of share capital	–	12	–	–	–	–	–	12
Transactions with owners	–	12	–	–	68	–	(1,094)	(1,014)
Profit for the year	–	–	–	–	–	–	2,655	2,655
Other comprehensive expense:								
Exchange differences on translation of net investments in foreign operations	–	–	–	(124)	–	–	–	(124)
Total comprehensive (expense)/income for the year	–	–	–	(124)	–	–	2,655	2,531
At 31 December 2023	832	2,418	1,002	(509)	621	(358)	23,353	27,359
Dividends	–	–	–	–	–	–	**(665)**	**(665)**
Share-based payments	–	–	–	–	**41**	–	**19**	**60**
Deferred tax on intrinsic value of vested options	–	–	–	–	**229**	–	–	**229**
Issue of share capital	**1**	**50**	–	–	–	–	–	**51**
Transactions with owners	**1**	**50**	–	–	**270**	–	**(646)**	**(325)**
Profit for the year	–	–	–	–	–	–	**3,334**	**3,334**
Other comprehensive expense:								
Exchange differences on translation of net investments in foreign operations	–	–	–	**(196)**	–	–	–	**(196)**
Total comprehensive (expense)/income for the year	–	–	–		–	–	**3,334**	**3,138**
At 31 December 2024	**833**	**2,468**	**1,002**	**(705)**	**891**	**(358)**	**26,041**	**30,172**

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Consolidated Balance Sheet
At 31 December 2024

	Note	2024 £'000	2023 £'000
Non-current assets			
Goodwill	9	**18,852**	18,544
Other intangible assets	10	**10,333**	9,000
Property, plant and equipment	11	**629**	766
Right-of-Use assets	22	**1,290**	1,274
Deferred tax assets	19	**549**	111
Total non-current assets		**31,653**	29,695
Current assets			
Inventories	13	**4**	113
Trade and other receivables	14	**5,434**	5,033
Current tax assets		**746**	232
Cash and cash equivalents		**13,975**	10,903
Total current assets		**20,159**	16,281
Total assets		**51,812**	45,976
Current liabilities			
Lease liabilities	16, 22	**(578)**	(542)
Trade and other payables	15	**(2,269)**	(1,904)
Accruals and deferred income	18	**(15,264)**	(12,574)
Current tax liabilities		**(65)**	(253)
Total current liabilities		**(18,176)**	(15,273)
Non-current liabilities			
Lease liabilities	16, 22	**(882)**	(918)
Deferred tax liabilities	19	**(2,556)**	(2,400)
Provisions	17	**(26)**	(26)
Total non-current liabilities		**(3,464)**	(3,344)
Total liabilities		**(21,640)**	(18,617)
Net assets		**30,172**	27,359

	Note	2024 £'000	2023 £'000
Equity			
Share capital	20	**833**	832
Share premium		**2,468**	2,418
Merger reserve		**1,002**	1,002
Translation reserve		**(705)**	(509)
Share options reserve	21	**891**	621
Employee share ownership trust		**(358)**	(358)
Retained earnings		**26,041**	23,353
Equity attributable to shareholders of the parent		**30,172**	27,359

The financial statements of Eleco plc, registered number 00354915, on pages 66 to 101 were approved by the Board of Directors on 30 April 2025 and signed on its behalf by:

Jonathan Hunter
Chief Executive Officer

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Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit after taxation for the year		**3,334**	2,655
Income tax expense	6	**960**	762
Amortisation of intangible assets	10	**2,492**	1,774
Depreciation charge	11, 22	**691**	630
Loss on sale of property, plant and equipment		**6**	(13)
Finance expense	5	**72**	65
Finance income	5	**(310)**	(127)
Share-based payments expense	21	**60**	190
Gain on business disposal	27	**–**	(152)
Cash generated from operations before working capital movements		**7,305**	5,784
Increase in trade and other receivables		**(206)**	(780)
Decrease/(increase) in inventories and work in progress		**109**	(70)
Increase in trade and other payables, accruals and deferred income		**3,468**	1,461
Cash generated from operations		**10,676**	6,395
Net taxation paid		**(1,716)**	(501)
Net cash inflow from operating activities		**8,960**	5,894
Investing activities			
Investment in development expenditure		**(2,958)**	(2,256)
Investment in other intangible assets		**(271)**	(127)
Purchase of property, plant and equipment		**(85)**	(133)
Acquisition of subsidiary undertakings net of cash acquired	28	**(1,252)**	(3,838)
Net proceeds on disposal of subsidiary undertakings		**–**	510
Proceeds from sale of property, plant and equipment		**2**	37
Finance income		**310**	127
Net cash outflow from investing activities		**(4,254)**	(5,680)

	Note	2024 £'000	2023 £'000
Financing activities			
Finance expense		**(72)**	(65)
Repayments of principal of lease liabilities	22	**(650)**	(595)
Equity dividends paid	7	**(665)**	(1,094)
Issue of share capital	20	**50**	12
Net cash outflow from financing activities		**(1,337)**	(1,742)
Net increase/(decrease) in cash and cash equivalents		**3,369**	(1,528)
Cash and cash equivalents at 1 January		**10,903**	12,538
Exchange losses on cash and cash equivalents		**(297)**	(107)
Cash and cash equivalents at 31 December		**13,975**	10,903

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Significant Accounting Policies

Eleco plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the Alternative Investment Market (AIM). The Company is limited by shares and the registered number is 00354915. The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the 'Group'). The consolidated and parent company financial statements were authorised for issuance on 30 April 2025.

The address of the registered office is given on page 114. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on page 03, CEO Report on pages 05 to 10 and Directors' Report on pages 56 to 59.

Eleco plc's consolidated annual financial statements are presented in Pounds Sterling which is also the functional currency of the parent company. Amounts are rounded to the nearest thousand, unless otherwise stated. Foreign operations are included in accordance with the accounting policies set out as follows.

Basis of consolidation

The Group financial statements consolidate those of Eleco plc and of its subsidiary undertakings at the balance sheet date and all subsidiaries have a reporting date of 31 December. Subsidiaries are entities controlled by the Group and their results have been adjusted, where necessary, to ensure accounting policies are consistent with those of the Group. Control exists where the Group has the power to direct the activities that significantly affect the subsidiary's returns and exposure or rights to variable returns from its investment with the subsidiary and the ability to use its power over the subsidiary to affect the amount of the subsidiary's returns. The Group obtains and exercises control through board representation and voting rights.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

All inter-company balances and transactions are eliminated in full on consolidation.

The results of subsidiaries acquired or sold in the year are included in the consolidated income statement from or up to the date control passes and until control ceases.

A. Statement of compliance

The Group financial statements have been prepared in accordance with applicable law and UK-adopted International Accounting Standards. The Parent Company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

The following amendments that affect the Group are effective for the period beginning 1 January 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1: Non-current Liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture; and
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.

Furthermore, new standards, new interpretations and amendments to standards and interpretations that have been issued but are not effective for the current period have not been adopted early and are set out in the Significant Accounting Policies note.

B. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and all financial information has been rounded to the nearest thousand unless otherwise stated.

The accounting policies set out as follows have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

Judgements and key areas of estimation uncertainty

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

The key assumptions concerning the future and other key sources of uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

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B. Basis of preparation continued

Impairment of goodwill – Judgement and Estimate

The Group determines whether goodwill is impaired at least on a bi-annual basis. This requires a judgement of the value in use of the cash-generating units to which the goodwill is allocated. The value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit to which goodwill has been allocated and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 9 of the Consolidated Financial Statements.

Capitalisation of development costs and carrying value – Judgement

Development costs are capitalised in accordance with the Group accounting policy. Initial recognition is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone of technical viability according to an established project management model.

There are judgements used in apportioning costs relating to work that can be capitalised compared to those of maintenance nature. The carrying value of the capitalised development costs are reviewed annually by management with reference to the expected future cash generation of the assets, discount rates to be applied and expected period of the benefits. Further details are given in note 10 of the Consolidated Financial Statements.

Business combinations – Judgement and Estimates

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The acquisition of subsidiaries is dealt with using the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities at the acquisition date, including contingent liabilities of the subsidiary regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. Acquisition costs are expensed as incurred. The fair valuation of the assets and liabilities is based on judgements and estimates provided by the Director's to an external valuation specialist in the areas of, but not limited to, forecast revenue, costs, discounted cash flows, weighted average cost of capital, royalty rates and capital expenditure.

The Vertical Digital transaction (see note 28) terms provide for a cumulative potential deferred and contingent outflow ('Earn Out') of up to €250,000 maximum for financial years ending 31 December 2024 and 31 December 2025, based on the local Vertical Digital senior management (the former owners) attaining specific performance targets set by Eleco plc in those years.

Vertical Digital has a proven track record in providing agile and innovative software development, technical consulting and upskilling solutions across many European and multinational end-customers including Lufthansa Technik, PwC, VW Financial Services, Deloitte and Zoopla.

The Acquisition adds critical capabilities to Eleco, including the ability to service and scale its customers by connecting systems and providing technical consulting which will support their digital transformation journeys, thus increasing the Group's product breadth and focus on customer centricity.

The Acquisition also provides for elastic augmentation of our internal research and development capacity which will further improve product time to value.

For the above explanatory reasons, including the ability to repurpose the acquisition towards our internal research and development roadmap, combined with the anticipated profitability of the Acquisition in other Group markets, synergies arising, plus the ability to hire the assembled workforce of the Acquisition (including the founders and management team), the Group understandably paid a premium over the acquisition net assets, giving rise, aside from the value of customer relationships, to goodwill. All intangible assets, in accordance with IFRS3 Business Combinations, were recognised at their provisional fair values on acquisition date, with the residual excess over net assets being recognised as customer relationships, order backlog and goodwill. Intangibles arising from the acquisition have been independently valued by professional advisors.

C. Going concern

The Group has continued to monitor the on-going effects and consequences of Russian/Ukraine conflict and the wider macroeconomic environment in 2024 going into 2025. The Group continues to monitor and mitigate the risks and has taken this into account in assessing the going concern position.

The Board is taking reasonable measures to consider likely factors to affect the ability of the Group to continue as a Going Concern. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, being at least the twelve-month period from approval of these consolidated financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

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Significant Accounting Policies
Continued

C. Going concern continued

The Group continues to demonstrate strong cash generation from operations closely reflecting its EBITDA performance. Our positive operating cash flow remains healthy, even after the acquisition of Vertical Digital, with cash at £14.0m (2023: £10.9m). The Group has both cash and undrawn credit facilities available and headroom comprising £1.0m bank overdraft facility (2023: £1.0m) to support its business operations.

On 14 January 2025, after the 2024 year end, the Group acquired 100 per cent of the share capital of PMI Software Limited ("PEMAC"), (the 'Acquisition'), for a consideration of €6.0m (£5.1m). Further details of the Acquisition are provided in note 29. The Group funded the Acquisition exclusively by utilisation of existing internal cash resources detailed in the paragraph above. The Board has taken into account this one-off consideration outflow post year end in exchange for a profitable and cash generative business in arriving at their opinion that the Group continues to be a Going Concern.

The Group regularly updates its budget and forecasts to take account of trading performance and the change in market conditions and the continuing transition and trend towards subscription pricing, which continue to demonstrate the Group's ability to generate sufficient liquidity. The Group is continuing to build on its recurring revenue and the current liabilities include a substantial and increasing deferred income balance.

Notwithstanding the Group has net current assets of £2.1m at 31 December 2024 (2023: £1.0m) these amounts are after deferred income of £12.1m (2023: £9.8m) relating to annual maintenance contracts which are non-refundable. These annual contracts are renewed throughout the year although there is a slightly greater weighting in the fourth quarter. For these reasons, the Group has good visibility on any potential deterioration in its trading outlook and potential risk to the business. Historically, there is a low level of cancellations each year and the Board closely monitors clients that are potentially at risk of cancellation as well as the pipeline of new business.

The Group's clients include many top contractors in the building and construction sector in the UK, Scandinavia, Germany, Benelux and the United States with no significant client concentration. The software products and services provided by the Group are reasonably embedded in their client's core operations and 77 per cent (2023: 74 per cent) of the Group's revenue is from recurring revenue contracts.

D. Revenue recognition

The Group recognises revenue in accordance with IFRS 15 'Revenue from Contracts with Customers'.

The core principle of IFRS 15 is that an entity will recognise revenue when control of goods or services is transferred to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgement.

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D. Revenue recognition continued

The table below shows the main revenue recognition differences for each performance obligation under IFRS 15:

Revenue Type	Accounting Treatment under IFRS 15:
Perpetual Licence revenues	At the point of transfer (delivery) of the licence to a customer, the customer has control and benefit of the software (right to access and right to use). There is no obligation to provide updates which are provided under maintenance contracts.
Subscription Licences	The licence does not provide the customer with the ownership of the software, nor the right to use it in perpetuity. The performance obligations associated with the software as a service are access to software, hosting of software, hosting of client data and maintaining software and client data. These performance obligations are not distinct – the obligations are highly interdependent, as a package they form a single performance obligation. The customer simultaneously receives and consumes the benefits of the contract as the Company provides the services. As these services are provided over the term of the contract, revenue is recognised over the life of the contract.
Maintenance and Support Contracts	The customer simultaneously receives and consumes the benefits of the contract as the Company provides the services. As these services are provided over the term of the contract, revenue is recognised over the life of the contract.
Hosted Services (Licence, Maintenance and Hosted Services performance obligations)	The licence is considered a separate service, and hence treated as a separate performance obligation, where the customer could have the licence installed on their own systems. For the licence element, the point of transfer (delivery or access to the hosted system) of the licence to the customer is the point to recognise revenue. For Maintenance and Hosting Services, the customer simultaneously receives and consumes the benefits of the contract as the Company provides the services. As these services are provided over the term of the contract, revenue is recognised over the life of the contract.
Consultancy	Benefits associated with consulting services are considered to have passed to the customer upon consulting hours being worked. Revenue is therefore recognised in line with delivery of consulting.
Training	Benefits associated with training services are considered to have passed to the customer upon delivery of training. Revenue is therefore recognised in line with delivery of training.
Development Consultancy	Such projects are typically small in scale and completed over a relatively short space of time. In such cases, control of the asset is assumed to pass to the customer when they obtain possession of the developed software and have accepted the software.
Scanning and rendering	The performance obligation is satisfied on delivery of images to the customers, and revenue is recognised at that point in time.

The Group recognised Deferred Income in respect of contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these as Deferred Income in the Consolidated Balance Sheet (see note 18).

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Significant Accounting Policies
Continued

E. Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of comprehensive income within administrative expenses over the period necessary to match them with the costs that they are intended to compensate.

F. Exceptional items

Exceptional items are those significant items which are separately disclosed by their size or nature to enable a full understanding of the financial performance of the Group.

G. Finance income and costs

Financing costs comprise interest payable on borrowings and leasing arrangements, calculated on an effective interest basis. Interest income and cost is recognised in the income statement as it accrues.

H. Taxation

Current tax is the tax payable based on taxable profit for the year, calculated using tax rates that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is calculated using the liability method on temporary differences and provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided the expected tax rates are enacted or substantively enacted at the balance sheet date and charged or credited to the income statement or statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The recoverability of deferred tax assets is considered during the impairment review process.

I. Intangible assets

Goodwill arising on consolidation represents the excess of the consideration transferred, excluding expenses, over the Group's interest in the fair value of the identifiable net assets acquired. The carrying value of goodwill is recognised as an asset and reviewed for impairment on a bi-annual basis and any impairment is recognised immediately in the income statement. On disposal, the amount of goodwill attributable to the disposal is included in the determination of profit or loss on disposal.

Other intangible assets acquired separately are capitalised at cost and on a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, an intangible asset is held at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets excluding goodwill are amortised on a straight-line basis over their useful economic lives and shown separately in the income statement. The useful economic life of each class of intangible asset is as follows:

Customer relationships	– up to twelve years
Brands	– up to twelve years
Intellectual property	– up to five years

The Group owns intellectual property both in its software tools and software products. Intellectual property purchased is capitalised at cost and is amortised on a straight-line basis over its expected useful life.

Research expenditure is written off as software product development when incurred. Development expenditure on a project is written off as incurred unless it can be demonstrated that the following conditions for capitalisation as intellectual property, in accordance with IAS 38 'Intangible Assets', are met:

- the intention to complete the development of the intangible asset and use or sell it;
- the development costs are separately identifiable and can be measured reliably;
- management are satisfied as to the ultimate technical and commercial viability of the project, so that it will be available for use or sale;
- management are satisfied with the availability of technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- it is probable that the asset will generate future economic benefit.

Any subsequent development costs are capitalised and are amortised from the date the product or process is available for use on a straight-line basis over the period of their expected benefit, being their finite life of up to five years.

The carrying amounts of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and in the case of capitalised development expenditure reviewed for impairment annually while the asset is not yet in use.

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J. Property, plant and equipment

Property, plant and equipment is stated at purchase cost, together with any directly attributable costs of acquisition, and subsequently cost less accumulated depreciation and impairment. The carrying amount and useful lives of property, plant and equipment with material residual values are reviewed at each balance sheet date.

Depreciation is provided on all property, plant and equipment on a straight-line basis to write down the assets to their estimated residual value over the useful economic life of the asset as follows:

Leasehold improvements	– over the term of the lease
Plant, equipment and vehicles	– two to ten years

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

K. Right-of-Use assets

A Right-of-Use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-Use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are assessed for impairment when such indicators exist or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of twelve months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

L. Impairment of assets

Goodwill

The carrying amounts of the Group's goodwill assets are assessed annually as to whether an impairment adjustment may be required. The assets under review are grouped under the appropriate cash-generating unit ("CGU") for which there are separately identifiable cash flows. Goodwill is held at Group level and allocated directly to the CGU under review. The calculation requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment charge is initially made against goodwill of the CGU and thereafter against other assets. Any impairment is charged to the income statement under the relevant expense heading.

Property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date the Group reviews the carrying amounts of its property, plant and equipment and intangible 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 to determine the extent of any impairment loss. The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell. Value in use is calculated using cash flow projections for the asset discounted at the specific discount rate for the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement.

A previously recognised impairment loss, other than goodwill, is reversed only if there has been a change in the previous indicator used to determine the assets recoverable amount since the last impairment loss was recognised. The reinstated carrying amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years.

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Significant Accounting Policies
Continued

M. Inventories
Inventories are stated at the lower of cost and net realisable value on an average cost basis. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion such as marketing, selling and distribution.

N. Share-based payments
The Company issues share options to employees from time to time. Under IFRS the equity-settled, share-based payment awards are valued at fair value at inception and this cost is recognised over the option vesting period.

The Board has used a valuation model to estimate the fair value of the options. Various assumptions affect the value of the options and the Board has considered these assumptions in order to derive an appropriate charge for the cost of the options. The key assumptions used to derive the charge include the probability of performance achievement and the expected future dividend yield of the shares.

O. Provisions and contingent liabilities
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

P. Pensions
The Group provides contributions on behalf of certain Directors and employees to a series of defined contribution pension schemes. Contributions payable in the year are charged to the income statement.

Q. Foreign currencies
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in UK Pounds Sterling, which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise.

Assets and liabilities of subsidiaries denominated in a different functional currency to that of the Group's presentational currency are translated into Pounds Sterling at the rate of exchange ruling at the balance sheet date and results are translated at the average rate of exchange for the year. The use of an average exchange rate for the year rather than actual exchange rates at the dates of transactions is considered to approximate to actual rates for the translation of the results of foreign subsidiaries.

Differences on exchange, arising from the retranslation of the opening net investment in subsidiary companies which have functional currencies that differ to Pound Sterling, and from the translation of the results of those companies at an average rate, are taken to reserves and reported in other comprehensive income. Exchange differences arising on the retranslation of non-trading intra-group balances reported in foreign subsidiaries are regarded as part of the net investment in the subsidiary and treated as a movement in the translation reserve on consolidation. When an operation is sold, amounts recognised in reserves on the translation of foreign operations are recycled through the income statement.

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R. Financial instruments

The Group has only basic financial assets measured at amortised cost which are held for collecting contractual associated cash flows. These are initially recognised at fair value and subsequently measured at amortised cost.

Financial Assets

The Group applies the impairment requirements and recognises a loss allowance for expected credit losses on its financial assets. At each reporting date, it will measure the loss allowance at an amount equal to the lifetime expected credit losses.

The Group will recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

Trade and other receivables

Trade receivables are initially measured at fair value and subsequently at amortised cost. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9; with any increase or reduction in the credit loss provision charged or released to other selling and administrative expenses in the statement of comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit and loss.

A financial liability is derecognised when the obligation is extinguished.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year in which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs. They are subsequently measured at amortised cost using the effective interest method.

S. Equity

Share capital reflects the nominal value of the Company's shares in issue. The share premium account reflects any premium arising on the issuance of those shares, net of issue costs.

The merger reserve arose on the premium on shares issued to acquire 100 per cent of Integrated Computing & Office Networking Limited (2016) and Active Online GmbH (2018). The reserve relates to merger relief then allowed to be applied under s.612 of the Companies Act 2006.

The translation reserve is used to record exchange differences arising from the retranslation of the opening net investment and income statement of foreign subsidiaries. The amounts relating to share options issued but not yet exercised and shares in the Company held by the Employee Share Ownership Trust are reported separately.

T. Dividends

Dividends attributable to the equity holders of the Company approved for payment during the year are recognised directly in equity.

U. Earnings per share

Basic earnings per share is calculated based on the Group's profit after tax divided by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated based on the Group's profit after tax divided by the diluted weighted average number of shares in issue during the year. Dilution to the weighted average shares issues in the year are as a result of any share options granted, exercised, cancelled or lapsed in the year.

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Significant Accounting Policies
Continued

V. Employee Share Ownership Trust

Equity shares in Eleco plc held by the Employee Share Ownership Trust (ESOT) are treated as a deduction from the weighted average number of shares. The consideration paid is deducted from equity (other reserves) until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of related transaction costs and income tax effects, are included in equity attributable to the Company's equity holders.

W. New standards and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have been applied in these financial statements were in issue but effective:

International Accounting Standards (IAS/IFRS)

The following standards, interpretations and amendments to existing standards became effective on 1 January 2024 and have not had a material impact on the Group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current, effective from 1 January 2024;
- Amendments to IAS 1: Non-current Liabilities with Covenants, effective from 1 January 2024;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, effective from 1 January 2024;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture; and
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback, effective from 1 January 2024.

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 January 2024. These either have been, or are expected to be, endorsed by the UK Endorsement Board and are not expected to have a material impact on the Group:

- Lack of Exchangeability (Amendments to IAS21), effective from 1 January 2025
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026

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Notes to the Consolidated Financial Statements

1. Revenue

Revenue from continuing operations disclosed in the income statement is analysed as follows:

	2024 £'000	2023 £'000
Perpetual licence revenue	**1,013**	1,532
Recurring maintenance, support, SaaS and subscription revenue	**24,933**	20,732
Services revenue	**6,448**	5,742
Total revenue	**32,394**	28,006

Revenue is recognised for each category as follows:

- Perpetual licence revenue – recognised at the point of transfer (delivery) of the licence to a customer.
- Recurring revenue: SaaS, maintenance, support, subscriptions and hosting – as these services are provided over the term of the contract, revenue is recognised over the life of the contract.
- Services income revenue – recognised on delivery of the service.

Revenue recorded in the year includes £9.8m (2023: £7.8m) of income that had been deferred in the balance sheet in the previous year because the associated performance obligations were not fully satisfied. The deferred income represents a timing difference between satisfaction of the performance obligation where that performance condition is in part fulfilled after a reporting period end. The majority of the Group's contracts are twelve months in length but these twelve months may span a reporting period end.

The Group has applied the practical expedient of IFRS15.121 in respect of contracts which have a duration of one year or less. Therefore, this then means that IFRS15.120 requirements have not been disclosed. Contract liabilities in respect of contracts with customers have been disclosed in note 18 under deferred income.

Geographical, Product and Sales Channel Information

Revenue by geographical area represents continuing operations revenue from external customers based upon the geographical location of the customer.

Revenue by geographical destination is as follows:

	2024 £'000	2023 £'000
UK	**15,891**	13,034
Scandinavia	**5,830**	5,880
Germany	**3,058**	3,950
USA	**1,642**	1,184
Rest of Europe	**5,217**	3,364
Rest of World	**756**	594
	32,394	28,006

Revenue by product group represents continuing operations revenue from external customers.

Revenue by product group is as follows:

	2024 £'000	2023 £'000
Software for:		
Building Lifecycle	**24,052**	19,824
CAD and Visualisation	**6,499**	6,775
Other – third-party software	**1,843**	1,407
	32,394	28,006

The Group utilises resellers to access certain markets. Revenue by sales channel represents continuing operations revenue from external customers.

Revenue by sales channel is as follows:

	2024 £'000	2023 £'000
Direct	**31,075**	26,991
Reseller	**1,319**	1,015
	32,394	28,006

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Notes to the Consolidated Financial Statements
Continued

2. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers to allocate resources to the segments and to assess their performance.

The chief operating decision makers have been identified as the Executive Directors. The Group revenue is derived entirely from the sale of perpetual software licences, subscription and SaaS software licences, software maintenance and support and related services. Consequently, the Executive Directors review the management information on the basis of this one unified segment.

	2024 Software £'000	2023 Software £'000
Group assets and liabilities		
Segment assets	**51,812**	45,976
Total Group assets	**51,812**	45,976
Segment liabilities	**21,640**	18,617
Total Group liabilities	**21,640**	18,617

Non-current assets by geographical area represent the carrying amount of assets based in the geographical area in which the assets are located.

Non-current assets by geographical location are as follows:

	2024 £'000	2023 £'000
UK	**21,278**	20,434
Scandinavia	**6,030**	6,679
Germany	**3,307**	2,536
USA	**-**	1
Rest of Europe	**1,038**	43
Rest of World	**-**	2
	31,653	29,695

Information about major customers

Revenues arising from sales to the Group's largest customer were below the reporting threshold of 10 per cent of Group revenue (2023: below 10 per cent reporting threshold).

3. Operating profit

The continuing operations operating profit for the period is stated after charging/(crediting) the following items:

	2024 £'000	2023 £'000
Software product development expense	**2,467**	2,581
Depreciation of property, plant and equipment	**114**	120
Depreciation of right-of-use assets	**577**	510
Amortisation of acquired intangible assets	**626**	474
Amortisation of other intangible assets	**1,866**	1,300
Share-based payments	**60**	190
Loss/(profit) on disposal of property, plant and equipment	**6**	(13)
Foreign exchange losses	**67**	86
Acquisition related expenses and stamp duties	**432**	279
Fees payable to the Company's auditor for:		
The audit of the parent company and consolidated financial statements	**190**	145
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries	**131**	114
Other services	**13**	10

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4. Employee information

The average number of employees during the period, including Directors, in continuing operations was made up as follows:

	2024 Number	2023 Number
Sales and marketing	**59**	57
Client services	**104**	87
Software development	**84**	77
Management and administration	**38**	38
	285	259

Staff costs during the period, including Directors, in continuing operations amounted to:

	2024 £'000	2023 £'000
Wages and salaries	**15,450**	13,695
Social security	**2,390**	2,162
Pension costs	**738**	728
Share-based payments charge	**60**	190
	18,638	16,775
Less: Development staff costs capitalised	**(2,958)**	(2,256)
	15,680	14,519

Pension costs relate to contributions to defined contribution pension schemes. Development staff costs are charged to projects and capitalised if those projects meet the criteria for capitalisation. The details of the criteria for capitalisation is set out in the Significant Accounting Policies under section I.

The remuneration of the Directors, who are the key management personnel of the Group, is set out below:

	2024 £'000	2023 £'000
Short-term employee benefits	**722**	711
Post-employment benefits	**32**	31
Executive Directors	**754**	742
Grant value of share options issued	**323**	260
Total remuneration in respect of key management personnel (excluding employers national insurance cost)	**1,077**	1,002
Fees – Non-Executive Directors	**233**	213

	2024	2023
Number of Directors exercised options	**–**	–
Number of options issued to the Directors ('000)	**450**	525
Gain made in exercise of options (£'000)	**–**	–

The emoluments of the highest paid Director totalled £622,000 (2023: £563,000). For a detailed breakdown see Remuneration Committee Report, Directors' Remuneration page 46.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors are engaged through service contracts and each is appointed for an initial term of three years, which may thereafter be renewed. The Company has chosen for all directors to stand for annual re-election at each year's AGM. The Non-Executive Directors do not participate in any of the Group's share-based incentive or pension schemes. Further details of Directors emoluments are shown on page 49 of the Remuneration Committee Report.

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Notes to the Consolidated Financial Statements
Continued

5. Finance income and costs

Finance income and costs from continuing operations disclosed in the consolidated income statement are set out below:

	2024 £'000	2023 £'000
Finance income:		
Bank and other interest receivable	**310**	127
Total finance income	**310**	127
Finance costs:		
Bank overdraft and loan interest	**(7)**	(2)
Inputted interest expense for leasing arrangements	**(65)**	(63)
Total finance costs	**(72)**	(65)
Total net finance income/(cost)	**238**	62

6. Taxation

(a) Taxation on profit on ordinary activities

The tax charge in the income statement from continuing operations is as follows:

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on profits of the year	**808**	508
Tax adjustments in respect of previous years	**(76)**	(54)
	732	454
Foreign tax	**328**	282
Tax adjustments in respect of previous years	**(57)**	23
Total current tax	**1,003**	759
Deferred tax:		
Origination and reversal of temporary differences	**(42)**	(80)
Tax adjustments in respect of previous years	**(1)**	83
Total deferred tax	**(43)**	3
Tax charge in the consolidated income statement	**960**	762

Income tax for the UK has been calculated at the weighted average rate of UK corporation tax of 25 per cent (2023: 23.5 per cent) on the estimated assessable profit for the period. Taxation for foreign companies is calculated at the rates prevailing in the relevant jurisdictions.

The UK corporation tax rate of 25 per cent substantively enacted in the Finance Bill 2021 has been applied to determine deferred tax assets and liabilities at the Balance Sheet date.

Deferred tax positions relate primarily to investment in intangible assets, share options reserve and trading tax losses across international jurisdictions. There are no material uncertain tax positions as at 31 December 2024 (as at 31 December 2023: no material uncertain tax positions).

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6. Taxation continued

(b) Reconciliation of continuing operations tax charge

The tax assessed on continuing operations accounting profit before income tax for the year is the same as the standard rate of UK corporation tax of 25 per cent (2023: 23.5 per cent) for the period under review. The reconciliation is explained below:

	2024 £'000	2023 £'000
Profit on continuing operations before tax	**4,294**	3,417
Tax calculated at the average standard rate of UK corporation tax of 25% (2023: 23.5%) applied to profits before tax	**1,074**	803
Effects of:		
Expenses not deductible for tax purposes	**115**	40
Research & development tax relief	**(167)**	(127)
Losses not provided for	**139**	104
Prior year adjustments	**(134)**	52
Tax rate differences in foreign jurisdictions	**(107)**	(25)
Other differences	**40**	(85)
Continuing operations tax charge for the year	**960**	762

(c) Unrecognised tax losses

The Group has tax losses of £3,123,000 (2023: £1,727,000). The potential deferred tax asset not recognised in respect of losses is £708,000 (2023: £428,000). No deferred tax is recognised on the unremitted earnings of UK and overseas subsidiaries as there are no future profits available in the respective subsidiaries to offset the losses against.

7. Dividends

Dividends declared and to be paid

The Directors have recommended a final dividend of 0.70 pence per ordinary share (2023: final dividend of 0.55 pence per ordinary share). The dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

Dividends paid in the year

Dividends paid in the year were 0.85 pence per ordinary share (2023: 1.33 pence per ordinary share). Cash dividends of £700,000 (2023: £1,094,000) were paid during the year. Unclaimed dividends of £35,000 were returned to the Company during the year.

Ordinary Shares	**2024 pence per share**	2023 pence per share	**2024 £'000**	2023 £'000
Declared and paid during the year				
Interim – Full Year 2024	**0.30**	0.25	**247**	206
Special – Full Year 2022	**–**	0.58	**–**	477
Final – Full Year 2023	**0.55**	0.50	**453**	411
	0.85	1.33	**700**	1,094

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Notes to the Consolidated Financial Statements
Continued

8. Basic and diluted earnings per share

	2024			2023		
Ordinary Shares	**Net profit attributable to shareholders £'000**	**Weighted average number of shares (millions)**	**Earnings per share (pence)**	Net profit attributable to shareholders £'000	Weighted average number of shares (millions)	Earnings per share (pence)
Basic earnings per share	**3,334**	**82.3**	**4.0**	2,655	82.3	3.2
Diluted earnings per share	**3,334**	**83.2**	**4.0**	2,655	83.7	3.2
Adjusted basic earnings per share	**4,172**	**82.3**	**5.1**	3,272	82.3	4.0

In determining the diluted earnings per share the dilutive impact of share options on weighted average number of shares was included. The reconciliations to the above figures are shown below:

	2024			2023		
Ordinary Shares	**Net profit attributable to shareholders £'000**	**Weighted average number of shares (millions)**	**Earnings per share (pence)**	Net profit attributable to shareholders £'000	Weighted average number of shares (millions)	Earnings per share (pence)
Basic earnings per share	**3,334**	**82.3**	**4.0**	2,655	82.3	3.2
Dilutive effect of share options	**–**	**0.9**	**–**	–	1.4	–
Diluted earnings per share	**3,334**	**83.2**	**4.0**	2,655	83.7	3.2

	2024			2023		
Ordinary Shares	**Net profit attributable to shareholders £'000**	**Weighted average number of shares (millions)**	**Earnings per share (pence)**	Net profit attributable to shareholders £'000	Weighted average number of shares (millions)	Earnings per share (pence)
Basic earnings per share	**3,334**	**82.3**	**4.0**	2,655	82.3	3.2
Effect of adjusted profit (note 26)	**838**	**–**	**1.1**	617	–	0.8
Adjusted basic earnings per share	**4,172**	**82.3**	**5.1**	3,272	82.3	4.0

Shares held by the Employee Share Ownership Trust are excluded from the weighted average number of shares in the period. Adjusted profit attributable to shareholders is reconciled to reported profit attributable to shareholders in note 26.

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9. Goodwill

	2024 £'000	2023 £'000
Net book value:		
As at 1 January	**18,544**	15,337
Acquisition of business	**435**	3,258
Exchange differences	**(127)**	(51)
As at 31 December	**18,852**	18,544
Net book value	**18,852**	18,544

There was one acquisition in the year, see note 28.

Goodwill denominated in currencies other than Sterling is revalued at the appropriate closing exchange rate. Goodwill acquired through acquisitions net of impairments is set out below:

	2024 £'000	2023 £'000
Elecosoft UK	**8,703**	8,703
BestOutcome	**3,258**	3,258
Asta Development Germany	**223**	234
Elecosoft Sweden	**4,368**	4,411
Elecosoft Netherlands	**20**	21
Veeuze Germany	**1,845**	1,917
Vertical Digital Romania	**435**	–
	18,852	18,544

The Directors consider each of the operating businesses listed above, which are those units for which a separate cash flow is computed, to be a cash-generating unit (CGU) and each CGU is reviewed bi-annually for impairment. For each CGU the Directors have determined its recoverable amount based on value in use calculations.

The value in use was derived from discounted post-tax management cash flow forecasts for the businesses, using the budgets and strategic plans based on past performance and expectations for the market development of the CGU incorporating an appropriate business risk. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenues and operating cost during the period and into perpetuity. Costs, which are primarily fixed in nature, are assumed to be based on trend rates of inflation and any other factors identified in the budgets and strategic plans of the businesses. Goodwill arising on the recent acquisition of Vertical Digital SRL derives from the purchase consideration less fair value and purchase price adjustments, including for other separable valued intangibles.

The key judgement and assumptions used in calculating each CGU value in use are shown in the table below. The market growth rates, nominal long-term growth rate and inflation rates used are in line with external sources.

The market growth rates for revenues for years one to five range across a variety of different sized locations and business units from 6 to 66 per cent (2023: 4 to 47 per cent) in accordance with the underlying growth in the businesses and from the SaaS transition; after this initial five years, the nominal long-term growth rates are used in subsequent years.

The pre-tax discount rate and nominal long-term growth rates are shown in the table below:

	2024		2023	
CGU	**Pre-tax discount rate**	**Nominal long-term growth rate**	Pre-tax discount rate	Nominal long-term growth rate
Elecosoft UK	**14.4%**	**1.9%**	10.9%	1.5%
BestOutcome	**14.4%**	**1.9%**	10.9%	1.5%
Asta Development Germany	**15.4%**	**1.6%**	11.7%	1.2%
Elecosoft Sweden	**13.7%**	**2.9%**	10.4%	1.1%
Elecosoft Netherlands	**14.6%**	**2.1%**	11.1%	1.7%
Veeuze Germany	**15.4%**	**1.6%**	11.7%	1.2%
Vertical Digital Romania	**12.9%**	**2.6%**	–	–

These budgets and strategic plans cover a five-year period. The growth rates used to extrapolate the cash flows beyond this period range between 1.6 per cent and 2.9 per cent depending on the geographical location of the CGU.

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Notes to the Consolidated Financial Statements
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9. Goodwill continued

A sensitivity analysis has been performed based on changes in key assumptions considered to be reasonably possible by management: an increase in the discount rate of 1 per cent, a decrease in the compound annual growth rate for cash flow in the five-year forecast period of 1 per cent, and a decrease in the nominal long-term market growth rates of 1 per cent. The sensitivity analysis shows that no impairment charges would result from these scenarios.

The European based CGUs have lower impairment headroom in the value in use calculations and accordingly are more sensitive to changes in the discount and revenue growth rates. If the discount rate was increased by 34 per cent or the compound annual market growth rates and long term growth rates were both reduced by 15 per cent then all the European CGUs' discounted cash flow values would equate to or be lower than the value in use attributed to those European CGUs.

10. Other intangible assets

	Customer relationships £'000	Intellectual property £'000	Total £'000
Cost:			
At 1 January 2023	7,149	11,955	19,104
Additions from acquisition at fair value	897	916	1,813
Additions	–	114	114
Additions – internal development	–	2,256	2,256
Disposals	–	(62)	(62)
Exchange differences	(1)	1	–
At 31 December 2023	8,045	15,180	23,225
Additions from acquisition at fair value	477	–	477
Additions	–	271	271
Additions – internal development	–	2,958	2,958
Disposals	–	122	122
Exchange differences	(2)	2	–
At 31 December 2024	**8,520**	**18,533**	**27,053**
Accumulated amortisation and impairment:			
At 1 January 2023	4,966	7,547	12,513
Amortisation charge for the year	362	1,412	1,774
Disposals	–	(62)	(62)
Exchange differences	–	–	–
At 31 December 2023	5,328	8,897	14,225
Amortisation charge for the year	471	2,021	2,492
Exchange differences	(1)	4	3
At 31 December 2024	**5,798**	**10,922**	**16,720**
Net book value:			
At 31 December 2023 and 1 January 2024	2,717	6,283	9,000
At 31 December 2024	**2,722**	**7,611**	**10,333**

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10. Other intangible assets continued

Values attributed to internal development costs meet criteria as set out in section 1l of the Accounting Policies. Additions – internal development represent development within the business and differing stages of the development cycle. The values attributed to customer relationships represent the fair value of acquired customer contracts and relationships held by the acquired company at the date of acquisition. Similarly, values attributed to intellectual property represent the fair value of acquired intellectual property. There was one acquisition in the year – note 28.

Intellectual property additions from acquisitions in the year represent purchased intangible assets of £nil at fair value (2023: £916,000) and internal development costs capitalised of £2,958,000 (2023: £2,256,000). Internal development represents software development project costs that meet the accounting policy criteria for capitalisation. Further details of the software development projects that have been capitalised in the period are set out in the CFO Report on pages 34 to 37.

Amortisation charges are shown separately on the Consolidated Statement of Cash Flows.

An impairment review of internally generated intangibles is carried out when there is indication of impairment.

Indicators of impairment include:

- External sources: include market value declines, negative changes in technology, markets, economy, or laws, increases in market interest rates, net assets of the Company higher than market capitalisation
- Internal sources: include obsolescence or physical damage asset is idle, part of a restructuring or held for disposal, worse economic performance than expected for investments

There were no indicators of impairment in the current year. An impairment charge of £nil (2023: £nil) was recorded in the year in respect of an internally developed software product following a review of their recoverable amount which was £nil at the Balance Sheet date.

11. Property, plant and equipment

	Leasehold buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost:			
At 1 January 2023	600	981	1,581
Additions from acquisition at fair value	–	18	18
Additions	–	133	133
Disposals	–	(284)	(284)
Exchange differences	(23)	(9)	(32)
At 31 December 2023	577	839	1,416
Additions from acquisition at fair value	–	**49**	**49**
Additions	**53**	**32**	**85**
Disposals	–	**(17)**	**(17)**
Transfers	–	**(122)**	**(122)**
Exchange differences	**(14)**	**(27)**	**(41)**
At 31 December 2024	**616**	**754**	**1,370**
Accumulated depreciation and impairment:			
At 1 January 2023	204	632	836
Depreciation charge for the year	19	101	120
Disposals	–	(284)	(284)
Exchange differences	(15)	(7)	(22)
At 31 December 2023	208	442	650
Depreciation charge for the year	**5**	**109**	**114**
Disposals	**7**	**(16)**	**(9)**
Exchange differences	**–**	**(14)**	**(14)**
At 31 December 2024	**220**	**521**	**741**
Net book value:			
At 31 December 2023 and 1 January 2024	369	397	766
At 31 December 2024	**396**	**233**	**629**

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Notes to the Consolidated Financial Statements
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12. Capital commitments

Capital expenditure commitments of £nil (2023: £nil) have been placed with suppliers at 31 December 2024.

13. Inventories

	2024 £'000	2023 £'000
Finished goods	**4**	113
	4	113

At 31 December 2024 the Group's inventory provisions were £nil (2023: £nil).

14. Trade and other receivables

	2024 £'000	2023 £'000
Gross trade receivables	**4,749**	4,273
Provision for credit losses	**(364)**	(114)
Net trade receivables	**4,385**	4,159
Other receivables	**96**	198
Prepayments and accrued income	**953**	676
	5,434	5,033

The Group offers credit terms to customers depending on the credit status of the customer. Trade receivables are initially measured at fair value and subsequently amortised at cost. The Group performed an impairment exercise to determine whether the write down of amounts receivable was required, using an expected credit loss model to determine the lifetime expected credit losses attributable to the receivables. In its assessment using the expected loss model, it was deemed provisions against receivables to be in line with historic payment patterns for Eleco's customer base where a significant number are repeat purchasers and pass the Eleco Group company's credit check process. The average credit period taken on the sales of goods and services is 45 days (2023: 46 days). No interest is charged on past due trade receivables (2023: £nil).

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2024 £'000	2023 £'000
Sterling	**2,259**	1,836
Euro	**953**	1,637
Swedish Krona	**1,784**	1,288
US Dollar	**139**	166
Other	**299**	106
	5,434	5,033

Movement in the provision for credit losses in respect of trade receivables during the year was as follows:

	2024 £'000	2023 £'000
At 1 January	**(114)**	(83)
Written off as uncollectable	**70**	18
Provided against during the period	**(333)**	(53)
Exchange	**13**	4
At 31 December	**(364)**	(114)

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15. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	**788**	593
Other taxation and social security	**1,117**	1,052
Other payables	**364**	259
	2,269	1,904

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 17 days (2023: 27 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

16. Borrowings

	2024 £'000	2023 £'000
Current liabilities:		
Lease liabilities	**578**	542
	578	542
Non-current liabilities:		
Lease liabilities	**882**	918
	882	918
Total lease liabilities	**1,460**	1,460
Cash and cash equivalents	**(13,975)**	(10,903)
Net (cash)/borrowings	**(12,515)**	(9,443)

The UK banking facilities are with Barclays Bank plc and the Group facilities comprise a £1.0m overdraft facility, carrying an interest rate of 1.75 per cent over base rate (undrawn at 2024 and 2023).

17. Provisions

	2024 £'000	2023 £'000
At 1 January	**26**	26
At 31 December	**26**	26
Non-current liabilities	**26**	26

The provision relates to reorganisation costs following the disposal of the former ElecoBuild businesses and the expected ongoing cost of the professional indemnity run off insurance premiums relating to the former ElecoBuild businesses.

18. Accruals and Deferred Income

	2024 £'000	2023 £'000
Accruals	**3,140**	2,793
Deferred income	**12,124**	9,781
	15,264	12,574

Deferred income represents income from software subscription licences and from software maintenance and support contracts and is credited to revenue in the income statement on a straight-line basis in line with the service and obligations over the term of the contract.

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Notes to the Consolidated Financial Statements
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19. Deferred Tax

	Deferred tax assets				Deferred tax liabilities			
	Tax losses carried forward £'000	Excess of amortisation over tax allowances £'000	Other temporary differences £'000	Total £'000	Intangible assets £'000	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 1 January 2023	–	50	1	51	(1,522)	(5)	(258)	(1,785)
Acquisition of business	–	–	–	–	(428)	(5)	–	(433)
(Charge)/credit to the income statement	–	(8)	190	182	(190)	(40)	45	(185)
(Charge)/credit to the Statement of Changes in Equity	–	–	(122)	(122)	–	–	–	–
Exchange differences	–	–	–	–	–	–	3	3
At 31 December 2023	–	42	69	111	(2,140)	(50)	(210)	(2,400)
(Charge)/credit to the income statement	207	(11)	18	214	(151)	(64)	45	(170)
(Charge)/credit to the Statement of Changes in Equity	–	–	229	229	–	–	–	–
Exchange differences	(5)	–	–	(5)	–	–	14	14
At 31 December 2024	**202**	**31**	**316**	**549**	**(2,291)**	**(114)**	**(151)**	**(2,556)**

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are presented as non-current in the consolidated balance sheet. Potential deferred tax assets in respect of losses of £708,000 (2023: £428,000) have not been recognised due to the unpredictability of future profit streams against which these losses may be offset. These losses may be carried forward indefinitely.

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20. Share capital

	No. of shares	2024 Nominal Value £'000	No. of shares	2023 Nominal Value £'000
Authorised:				
Ordinary Shares of 1 pence each	**85,000,000**	**850**	85,000,000	850
Allotted, called up and fully paid:				
Ordinary Shares of 1 pence each at start of year	**83,207,397**	**832**	83,154,650	832
Issue of Ordinary Shares	**105,000**	**1**	52,747	–
Ordinary Shares of 1 pence each at end of year	**83,312,397**	**833**	83,207,397	832

In the year 105,000 ordinary 1 pence new shares were issued (2023: 52,747) at a premium of £50,000 (2023: £12,000).

21. Share-based payments

The Company operates one share scheme and options outstanding at 31 December 2024 over Ordinary Shares granted under the scheme were as follows:

		Vesting dates		Weighted average remaining contractual life (years)
Date awarded	Number of Ordinary Shares	Earliest	Latest	
9 August 2017	370,000	1 May 2020	8 August 2027	2.6
18 May 2020	325,000	31 May 2023	31 May 2030	5.4
12 November 2020	125,000	31 May 2023	11 November 2030	5.9
1 August 2022	450,000	31 July 2025	31 July 2032	7.6
11 May 2023	*855,000*	*11 May 2026*	*10 May 2033*	*8.4*
3 June 2024	865,000	3 June 2027	2 June 2034	9.4
5 June 2024	500,000	5 June 2027	4 June 2034	9.4
	3,490,000			7.7

Further details of these option grants are detailed below:

1,365,000 options were granted during 2024 under the Company's Share Option Scheme. There were no vesting criteria other than an employee being employed at the vesting date.

Vesting criteria for Directors are detailed in the Remuneration Committee Report on page 50.

During the year 1,110,000 options were forfeited relating to 2020, 2021 and 2023 issues.

Details of the number of options over Ordinary Shares outstanding during the year are as follows:

	2024		2023	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at the beginning of the year	**3,340,000**	**70.1**	2,650,000	75.2
Granted during the year	**1,365,000**	**72.7**	1,035,000	67.2
Exercised during the year	**(105,000)**	**48.0**	(25,000)	48.0
Forfeited during the year	**(1,110,000)**	**88.6**	(320,000)	73.9
Outstanding at the end of the year	**3,490,000**	**65.9**	3,340,000	70.1
Exercisable at the end of the year	**820,000**		1,375,000	

The net expense recognised by the Group for share-based payments under the share options scheme in respect of employee services during the year ended 31 December 2024 was £60,000 (2023: £190,000).

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21. Share-based payments continued

The Black-Scholes valuation model is used to value the share options and the key assumptions used for the outstanding awards granted during 2024 and 2023 are shown below:

	2024	2023
Share price at grant date	**£1.170-1.075**	£0.765-0.805
Exercise price per share	**£0.01-1.075**	£0.01-0.805
Per cent expected to vest (at date of grant)	**98%**	98%
Expected life (years)	**5.0**	5.0
Dividend yield	**0.46-0.47%**	0.72-0.76%
Share price volatility	**74%**	75-77%
Fair value per option	**£0.661-0.719**	£0.467-0.494

22. Right-of-Use assets

The Group has leases for the properties it occupies, motor vehicles and other plant and equipment. With the exception of short-term leases, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, motor vehicles and plant and equipment for presentation purposes.

Each lease imposes a restriction that the right-of-use asset can only be used by the Group. Some leases have a break clause; however, the majority are either non-cancellable or may only be cancelled by incurring a substantial termination fee.

The Group has assessed the lease liability on each individual lease and applied an appropriate incremental borrowing rate determined by the type and geographical location of the right-of-use asset.

The Group elects not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less). Payments made under such leases are expensed on a straight-line basis.

The recognised right-of-use assets relate to the following types of assets:

Right-of-Use assets

	2024	2023
	£'000	£'000
Properties	**1,060**	1,025
Motor vehicles	**230**	249
	1,290	1,274

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-Use-assets

	Property £'000	Motor vehicles £'000	Total £'000
At 1 January 2023	1,189	290	1,479
Reclassification	104	(104)	–
Additions and measurements	145	215	360
Disposals	(16)	(13)	(29)
Exchange difference	(21)	(5)	(26)
Depreciation charge for the year	(376)	(134)	(510)
At 31 December 2023 and 1 January 2024	**1,025**	**249**	**1,274**
Additions and measurements	**540**	**111**	**651**
Exchange difference	**(45)**	**(13)**	**(58)**
Depreciation charge for the year	**(460)**	**(117)**	**(577)**
At 31 December 2024	**1,060**	**230**	**1,290**

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22. Right-of-Use assets continued

The corresponding amounts of lease liabilities recognised under IFRS 16 and movements during the period are set out as follows:

Lease liabilities

	Property £'000	Motor vehicles £'000	Other plant and equipment £'000	Total £'000
At 1 January 2023	1,360	326	(4)	1,682
Reclassification	149	(153)	4	–
Additions	140	215	–	355
Interest charge	49	14	–	63
Lease payments	(432)	(163)	–	(595)
Exchange difference	(25)	(20)	–	(45)
At 31 December 2023 and 1 January 2024	**1,241**	**219**	**–**	**1,460**
Reclassification	**(33)**	**33**	**–**	**–**
Additions	**540**	**111**	**–**	**651**
Interest charge	**49**	**15**	**–**	**64**
Lease payments	**(530)**	**(120)**	**–**	**(650)**
Exchange difference	**(57)**	**(8)**	**–**	**(65)**
At 31 December 2024	**1,210**	**250**	**–**	**1,460**

Maturity profile of Lease liabilities

	2024 £'000	2023 £'000
Within 1 year	**670**	586
Between 2 and 5 years	**965**	955
At 31 December	**1,635**	1,541

23. Financial instruments

(a) Financial assets and liabilities

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

	2024 £'000	2023 £'000
Financial assets at amortised cost:		
Cash and cash equivalents	**13,975**	10,903
Trade and other receivables	**4,480**	4,357
Financial assets held at amortised cost	**18,455**	15,260
Financial liabilities at amortised cost:		
Trade and other payables	**1,151**	852
Accruals	**3,140**	2,793
Lease liabilities	**1,460**	1,460
Financial liabilities held at amortised cost	**5,751**	5,105

The carrying value of the Group's financial assets and liabilities are considered to approximate their respective fair values.

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Notes to the Consolidated Financial Statements
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23. Financial instruments continued

(b) Interest rate and currency profile of financial assets and liabilities

The currency profiles of the Group's financial assets and liabilities are set out below:

	Financial liabilities		Financial assets		Net financial assets/ (liabilities)
	Floating rate £'000	Total £'000	Floating rate £'000	Total £'000	£'000
Sterling	**3,032**	**3,032**	**10,820**	**10,820**	**7,788**
Euro	**791**	**791**	**1,879**	**1,879**	**1,088**
Swedish Krona	**1,835**	**1,835**	**4,918**	**4,918**	**3,083**
US Dollar	**11**	**11**	**269**	**269**	**258**
South African Rand	**5**	**5**	**41**	**41**	**36**
Other	**77**	**77**	**528**	**528**	**451**
At 31 December 2024	**5,751**	**5,751**	**18,455**	**18,455**	**12,704**
Sterling	1,990	1,990	7,468	7,468	5,478
Euro	982	982	2,930	2,930	1,948
Swedish Krona	2,093	2,093	4,384	4,384	2,291
US Dollar	35	35	264	264	229
South African Rand	5	5	41	41	36
Other	–	–	172	172	172
At 31 December 2023	5,105	5,105	15,259	15,259	10,154

There are no fixed interest rate financial assets or liabilities.

The Group finances its operations through a mixture of retained profits and a bank overdraft. The interest rate on the overdraft is 1.75 per cent over the Bank of England base rate. The overdraft facility was unused in the year ended 31 December 2024 (2023: unused).

(c) Currency profile of net foreign currency monetary assets and liabilities

The table below shows the net unhedged monetary assets/(liabilities) of the Group that are not denominated in the functional currency of the operating unit and which therefore give rise to exchange gains and losses in the income statement.

Functional currency of Group operation	Sterling £'000	Euro £'000	Swedish Krona £'000	US Dollar £'000	Other £'000	Total £'000
Sterling	**–**	**158**	**–**	**15**	**42**	**215**
Euro	**–**	**–**	**–**	**–**	**–**	**–**
Swedish Krona	**–**	**340**	**–**	**41**	**77**	**458**
At 31 December 2024	**–**	**498**	**–**	**56**	**119**	**673**
Sterling	–	432	–	7	27	466
Euro	–	–	–	–	–	–
Swedish Krona	–	346	–	25	69	440
At 31 December 2023	–	778	–	32	96	906

(d) Financial risk: objectives, policies and strategies

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

The net finance income for the year from continuing operations was £238,000 (2023: income of £62,000). No speculative transactions are undertaken.

At present there is no policy to hedge the Group's currency exposures arising from the translation of the Group's overseas net assets or the effect of exchange rate movements on the Group's overseas earnings.

(e) Market risk: sensitivities

A sensitivity analysis for financial assets and liabilities affected by market risk is set out as follows. Each risk is analysed separately and shows the sensitivity of financial assets and liabilities when a certain parameter is changed. The sensitivity analysis has been performed on period end balances each year and therefore is not representative of transactions throughout the year. The rates used are based on historical trends and, where relevant, projected forecasts.

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23. Financial instruments continued

(e) Market risk: sensitivities continued

(i) Currencies

The Group is exposed to currency risk in relation to the value of its financial assets and liabilities that are denominated in currencies other than Sterling (see note 23(c) above), arising from fluctuations in exchange rates. The Group's mitigation of its currency risk is set out on page 94. The table below shows the impact on the value of the Group's reported net financial assets at 31 December of exchange rates either strengthening or weakening by 10 per cent against Sterling and the impact this would have on the reported profit or loss and equity. The Group's reported equity would be £171,000 lower (2023: £259,000 lower) if Sterling strengthened by 10 per cent and £189,000 higher (2023: £284,000 higher) if Sterling weakened by 10 per cent.

Effect of change in	**Net financial (assets)/liabilities:**			**Profit/(loss)**		**Equity**	
Sterling +/-10%	**2024 £'000**	**Rate +10% £'000**	**Rate -10% £'000**	**Rate +10% £'000**	**Rate -10% £'000**	**Rate +10% £'000**	**Rate -10% £'000**
Denominated in Sterling	**(7,788)**	**–**	**–**	**–**	**–**	**–**	**–**
Not denominated in Sterling	**(4,916)**	**447**	**(492)**	**70**	**(77)**	**(171)**	**189**
Total net financial liabilities	**(12,704)**	**447**	**(492)**	**70**	**(77)**	**(171)**	**189**

Effect of change in	Net financial (assets)/liabilities:			Profit/(loss)		Equity	
Sterling +/-10%	2023 £'000	Rate +10% £'000	Rate -10% £'000	Rate +10% £'000	Rate -10% £'000	Rate +10% £'000	Rate -10% £'000
Denominated in Sterling	(5,478)	–	–	–	–	–	–
Not denominated in Sterling	(4,676)	425	(468)	(37)	41	(259)	284
Total net financial liabilities	(10,154)	425	(468)	(37)	41	(259)	284

(ii) Interest rates

Changes in market interest rates expose the Group to the risk of fluctuations in the cash flow relating to its financial assets and liabilities some of which attract interest at floating rates (see note 23(b) above). Based upon the interest rate profile of the Group's financial assets and liabilities as at 31 December, the table below shows the impact of a one percentage point change in the market interest rates on the Group's profit and equity.

	2024	**Effect of increase in interest rates of 1%**			**Effect of decrease in interest rates of 1%**		
	As reported £'000	**Rate +1% £'000**	**Profit/(loss) £'000**	**Equity £'000**	**Rate -1% £'000**	**Profit/(loss) £'000**	**Equity £'000**
Net finance income	**238**	**79**	**79**	**79**	**(63)**	**(63)**	**(63)**

	2023	Effect of increase in interest rates of 1%			Effect of decrease in interest rates of 1%		
	As reported £'000	Rate +1% £'000	Profit/(loss) £'000	Equity £'000	Rate -1% £'000	Profit/(loss) £'000	Equity £'000
Net finance income	62	21	21	21	(16)	(16)	(16)

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23. Financial instruments continued

(f) Liquidity risk

The Group monitors its liquidity to maintain a sufficient level of undrawn committed debt facilities together with central management of the Group's cash resources to minimise liquidity risk. The table below shows the maturity of the Group's debt:

	Fair value £'000	3 months or less £'000	3 to 6 months £'000	6 to 12 months £'000	Between 1 and 5 years £'000
Trade and other payables	**2,269**	**2,269**	**–**	**–**	**–**
Lease liabilities	**1,460**	**15**	**15**	**548**	**882**
At 31 December 2024	**3,729**	**2,284**	**15**	**548**	**882**
Trade and other payables	1,904	1,904	–	–	–
Lease liabilities	1,460	16	16	510	918
At 31 December 2023	3,364	1,920	16	510	918

The amounts for bank loans, overdraft and lease liabilities are inclusive of interest payable in the comparative period. The Group's overdraft facilities with Barclays Bank plc are explained in note 16.

(g) Credit risk

Group policies are aimed at minimising losses due to customer payment default. The loss allowance on all financial assets is measured by considering the probability of default. Deferred payment terms are only granted to those customers who satisfy creditworthiness criteria and individual exposures to customers are monitored.

The maximum exposure to credit risk for uninsured trade receivables only before provision for credit losses at the reporting date by geographic region is as follows:

	2024 £'000	2023 £'000
UK	**1,752**	1,471
Germany	**698**	1,049
Scandinavia	**1,548**	1,068
USA	**146**	133
Rest of Europe	**499**	486
Rest of World	**106**	66
	4,749	4,273

Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration.

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23. Financial instruments continued

(h) Capital risk

The Group's objective is to minimise its cost of capital by optimising the efficiency of its capital structure, being the balance between equity and debt. The objective is subject always to an overriding principle that capital must be managed to ensure the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

(i) Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Lease liabilities £'000
At 1 January 2024	**1,460**
Cash flows:	
– Repayment	**(650)**
– Additions	**650**
At 31 December 2024	**1,460**

	Lease liabilities £'000
At 1 January 2023	1,682
Cash flows:	
– Repayment	(595)
– Additions	373
At 31 December 2023	1,460

24. Contingent liabilities

It is the Group's policy to make specific provisions at the balance sheet date for all liabilities which, in the opinion of the Directors, represent a present obligation and outflow of resources to be probable at the balance sheet date.

The Directors have considered all the facts surrounding any open claims and any pending litigation against the Group at 31 December 2024 and have concluded that no material loss is likely to accrue from any such unprovided claims.

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25. Related party transactions

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The key management personnel are the Directors who are listed on page 56 of the Directors' Report.

The Directors of the Group had no transactions with the Group during the year, other than a result of service agreements.

26. Additional performance measures

The Group uses adjusted figures, which are not defined by generally accepted accounting principles (GAAP) such as UK-IAS. Adjusted figures and underlying growth rates are presented as additional performance measures used by management, as they provide additional relevant information in assessing the Group's performance, position and cash flows. In addition to the standard measures in the financial statements, the measures enable investors to track the core operational performance of the Group, for example by separating out items of income or expenditure relating to acquisitions, disposals and capital items. For example, one-off acquisition expenses due to advisor fees would not ordinarily be incurred in normal trading. Amortisation will vary considerably where the Group has to recognise separable purchased intangibles and amortisation on those intangibles will therefore fluctuate. Management uses these financial measures, along with UK-IAS financial measures, in evaluating the operating performance of the Group.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating profit	**4,056**	3,203
Gain on business disposal	**–**	152
Amortisation of intangible assets	**2,492**	1,774
Depreciation charge	**691**	630
EBITDA	**7,239**	5,759

Notes to the Consolidated Financial Statements
Continued

26. Additional performance measures continued

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
EBITDA	**7,239**	5,759
Gain on business disposal	**–**	(152)
Acquisition related expenses	**432**	279
Share-based payments	**60**	190
Adjusted EBITDA	**7,731**	6,076
Operating profit	**4,056**	3,203
Acquisition-related expenses	**432**	279
Amortisation of acquired intangible assets	**626**	474
Share-based payments	**60**	190
Adjusted operating profit	**5,174**	4,146
Profit before taxation	**4,294**	3,417
Gain on business disposal	**–**	(152)
Acquisition related expenses	**432**	279
Amortisation of acquired intangible assets	**626**	474
Share-based payments	**60**	190
Adjusted profit before taxation	**5,412**	4,208
Taxation charge	**(960)**	(762)
Gain on business disposal	**–**	48
Acquisition related expenses	**(108)**	(66)
Amortisation of acquired intangible assets	**(157)**	(111)
Share-based payments	**(15)**	(45)
Adjusted taxation charge	**(1,240)**	(936)

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Profit after taxation	**3,334**	2,655
Gain on business disposal	**–**	(104)
Acquisition related expenses	**324**	213
Amortisation of acquired intangible assets	**469**	363
Share-based payments	**45**	145
Adjusted profit after taxation	**4,172**	3,272
Adjusted profit after taxation	**4,172**	3,272
Weighted average number of shares (m)	**82.3**	82.3
Adjusted basic earnings per share (pence)	**5.1**	4.0
Cash generated from operations	**10,676**	6,395
Purchase of intangible assets	**(3,229)**	(2,383)
Purchase of property, plant and equipment	**(85)**	(133)
Acquisition related expenses	**432**	279
Adjusted operating cash flow	**7,794**	4,158
Adjusted operating cash flow	**7,794**	4,158
Net interest received/(paid)	**238**	62
Taxation paid	**(1,716)**	(501)
Proceeds from disposal of property, plant and equipment	**2**	37
Free cash flow	**6,318**	3,756

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27. Disposal of subsidiary

The Company announced on 20th February 2023 the sale of its wholly owned subsidiary Eleco Software GmbH, the German Arcon architectural CAD business ("Arcon"), to FirstInVision GmbH, an Austrian architectural software business, for a total consideration of £0.5m (or €0.6m), effective 1 January 2023. Following deduction of net assets, costs relating to the disposal and recycling of reserves, a pre-tax gain on disposal of £152,000 was recognised in the prior period.

28. Acquisition of Vertical Digital group of companies

On 16 April 2024, the Group, through its wholly owned subsidiary Elecosoft Limited, acquired 100 per cent of the share capital of the Vertical Digital group of companies, consisting of Vertical Digital SRL and Sons of Coding SRL (the 'Acquisition') for a consideration of €1.3m (£1.1m). The Acquisition's completion date was 16 April 2024. The Group funded the Acquisition exclusively by utilisation of its existing internal cash resources for this initial consideration. Cash and cash equivalents within the Acquisition entities at the acquisition date totalled £0.1m and the Acquisition had no debt.

Vertical Digital has a proven track record, in providing agile and innovative software development, technical consulting and upskilling solutions across many European and multinational end-customers including Lufthansa Technik, PwC, VW Financial Services, Deloitte and Zoopla.

The Acquisition adds critical capabilities to Eleco, including the ability to service and scale its customers by connecting systems and providing technical consulting which will support their digital transformation journeys, thus increasing the Group's product breadth and focus on customer centricity.

The Acquisition also provides for elastic augmentation of our internal research and development capacity which will further improve product time to value.

The transaction terms provide for a cumulative potential deferred and contingent outflow ('Earn Out') of up to a €250,000 maximum for financial years ending 31 December 2024 and 31 December 2025, based on the local senior management (the former owners) attaining specific performance targets set by Eleco plc in those years. These specific performance targets are linked to achievement of revenue over those two financial years, subject to minimum gross margin and net margin thresholds. The Earn Out being treated as remuneration.

For the above explanatory reasons, including the ability to repurpose the acquisition towards our internal research and development roadmap, combined with the anticipated profitability of the Acquisition in other Group markets, synergies arising, plus the ability to hire the assembled workforce of the Acquisition (including the founders and management team), the Group understandably paid a premium over the acquisition net assets, giving rise, aside from the value of customer relationships, to goodwill. All intangible assets, in accordance with IFRS3 Business Combinations, were recognised at their fair values on acquisition date, with the residual excess over net assets being recognised as customer relationships, order backlog and goodwill. Intangibles arising from the acquisition have been independently valued by professional advisors.

The following table summarises the consideration and fair values of assets acquired and liabilities at the date of the Acquisition:

	£'000
Intangible fixed assets:	
Customer Relationships	459
Order backlog	18
Property, plant and equipment	49
Trade receivables and prepayments	196
Cash and cash equivalents	55
Trade and other payables	(91)
Corporation taxation	(11)
Net assets acquired	**675**
Goodwill	435
Acquisition cost	**1,110**

There are no non-controlling interests in relation to the Acquisition. Receivables at the acquisition date are expected to be collected in accordance with the gross contractual amounts.

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Notes to the Consolidated Financial Statements
Continued

28. Acquisition of Vertical Digital group of companies continued

The acquisition cost was satisfied by:

	£'000
Cash	1,110
Share consideration	–
Total consideration	**1,110**

The net cash outflow arising on acquisition was:

	£'000
Cash consideration paid	1,110
Acquisition-related costs	197
Cash and cash equivalents within the Vertical Digital business on acquisition	(55)
Total net cash outflow on acquisition	**1,252**

Other costs relating to the acquisition have not been included in the consideration cost. Directly attributable acquisition costs include external legal and accounting costs incurred in compiling the acquisition legal contracts and the performance of due diligence activity and the fair value exercise, together with stamp duty, total £0.2m. These costs have been charged in selling and administrative expenses in the consolidated income statement.

The Vertical Digital group of companies, in common with other Group companies, has a 31 December calendar year end. In the year to 31 December 2023, before Eleco plc Group control, Vertical Digital delivered revenue of €1.2m (c.£1.0m) and a net profit before taxation of €0.3m (c.£0.2m) based on unaudited figures and Vertical Digital's accounting policies.

Had the acquisition taken place from the start of the Group's financial year (from 1 January 2024) and based on figures and accounting policies prior to Eleco plc Group control, management estimate that Acquisition would have contributed revenue of £1.2m and loss before taxation of £0.1m and an Adjusted profit before taxation (Adjusted for acquisition costs borne by the Company) of £nil to the Group results in the year.

Vertical Digital contributed revenue of £0.9m, net profit before taxation of £nil since joining the Eleco plc Group in mid-April 2024.

29. Post-balance sheet events

On 14 January 2025, after the 2024 year end, the Group, through its wholly owned subsidiary Elecosoft Limited, acquired 100 per cent of the share capital of PMI Software Limited ("PEMAC") (the 'Acquisition') for a consideration of €6.0m (circa £5.1m). The Acquisition's completion date was therefore 14 January 2025. The Group funded the Acquisition exclusively by utilisation of its existing internal cash resources for this initial consideration. Cash and cash equivalents within the Acquisition entity at the acquisition date totalled £1.0m and the Acquisition has no debt.

PEMAC, located in Cork and Dublin, Ireland, is a recognised leader in providing SaaS Computerised Maintenance and Management Software ("CMMS") and specialist services in the market, used by over 100 blue-chip international manufacturing companies. PEMAC has developed a strong reputation for its ability to support clients in highly regulated sectors, including life sciences and healthcare, through its robust software capabilities tailored to meet industry-specific regulatory requirements.

The acquisition of PEMAC by Eleco plc highlights Eleco's shared commitment to delivering innovative, customer-focused solutions in manufacturing, regulated industries. PEMAC's expertise and proven capabilities will complement the Group's existing ShireSystem Computerised Maintenance Management Software ("CMMS"), enhancing the overall offering to support customers' evolving needs. PEMAC and ShireSystem are committed to maintaining the exceptional standards of service and support their customers rely on. Over time, it is intended that both organisations will collaborate to deliver technological advancements, ensuring their customers benefit from enhanced solutions.

The transaction terms also provide for additional earn-out consideration of up to €2.4m payable in two tranches in 2026 and 2027, subject to the PEMAC business attaining performance targets agreed with Eleco plc during the financial years ending 31 December 2025 and 31 December 2026. These specific performance targets are linked to achievement of revenue over those two financial years, subject to minimum gross margin thresholds. There are no non-controlling interests in relation to the Acquisition.

PEMAC, in common with other Group companies, has a 31 December calendar year end. In the year to 31 December 2024, before Eleco plc Group control, PEMAC delivered revenue of €2.6m (c.£2.2m) and a net profit before taxation of €nil (c.£nil) based on unaudited figures and PEMAC's accounting policies. Had the acquisition taken place from the start of the Group's financial year (from 1 January 2024) and based on figures and accounting policies prior to Eleco plc Group control, management estimate the contribution towards Group revenues would be of a similar quanta.

Given the proximity of the acquisition to the annual report and accounts being published, and its relatively immaterial size of the acquisition relative to the Group's scale, the Group is therefore unable at this stage to reasonably estimate and determine the fair value of net assets acquired and resulting goodwill and other associated intangibles under IFRS 3 Business Combinations at the date of this report. The Group will work through the fair value exercise under IFRS 3 and provisional disclosures will be reported in the Group's 2025 interim results.

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29. Post-balance sheet events continued

In accordance with the provisions of IAS 10 Events After the Reporting Period, the Directors consider that the acquisition is a non-adjusting post balance sheet event, meaning an event after the reporting period end that is indicative of a condition that arose after the end of the reporting period, and therefore the full year 2024 numbers prior to this acquisition have not been adjusted. An estimate of its financial effect is described above.

30. Exchange rates

The following exchange rates have been applied in preparing the consolidated financial statements:

	Income statement Average rate		Balance sheet Year-end rate	
	2024	2023	**2024**	2023
Swedish Krona to Sterling	**13.51**	13.18	**13.86**	12.84
Euro to Sterling	**1.18**	1.15	**1.21**	1.15
US Dollar to Sterling	**1.28**	1.24	**1.25**	1.27
Romanian Lei to Sterling	**5.90**	–	**6.02**	–

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Company Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Share options reserve £'000	Employee share ownership trust £'000	Retained earnings £'000	Total £'000
At 1 January 2023	832	2,406	1,002	291	389	(358)	8,962	13,524
Dividends	–	–	–	–	–	–	(1,094)	(1,094)
Share-based payments	–	–	–	–	354	–	–	354
Deferred tax on intrinsic value of vested options	–	–	–	–	(122)	–	–	(122)
Issue of share capital	–	12	–	–	–	–	–	12
Transactions with owners	–	12	–	–	232		(1,094)	(850)
Profit for the year	–	–	–	–	–	–	1,275	1,275
Exchange differences on translation of net investments in foreign operations	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	1,275	1,275
At 31 December 2023	**832**	**2,418**	**1,002**	**291**	**621**	**(358)**	**9,143**	**13,949**
Dividends	–	–	–	–	–	–	(665)	(665)
Share-based payments	–	–	–	–	41	–	19	60
Deferred tax on intrinsic value of vested options	–	–	–	–	229	–	–	229
Issue of share capital	1	50	–	–	–	–	–	51
Transactions with owners	1	50	–	–	270	–	(646)	(325)
Profit for the year	–	–	–	–	–	–	2,012	2,012
Exchange differences on translation of net investments in foreign operations	–	–	–	65	–	–	–	65
Total comprehensive income for the year	–	–	–	65	–	–	2,012	2,077
At 31 December 2024	**833**	**2,468**	**1,002**	**356**	**891**	**(358)**	**10,509**	**15,701**

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Company Balance Sheet
At 31 December 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Intangible assets	3	**613**	372
Tangible assets	4	**13**	10
Investments	5	**8,977**	8,977
Deferred tax asset		**307**	67
		9,910	9,426
Current assets			
Debtors: amounts due after more than one year	6	**24,452**	22,053
Debtors: amounts due within one year	7	**591**	901
Cash at bank and in hand		**228**	753
		25,271	23,707
Creditors: amounts falling due within one year	8	**(1,627)**	(1,065)
Provisions for liabilities	10	**(26)**	(26)
Net current assets		**23,618**	22,616
Total assets less current liabilities		**33,528**	32,042
Creditors: amounts falling due after more than one year	9	**(17,827)**	(18,093)
Net assets		**15,701**	13,949
Capital and reserves			
Called up share capital	11	**833**	832
Share premium account		**2,468**	2,418
Merger reserve		**1,002**	1,002
Translation reserve		**356**	291
Share options reserve	12	**891**	621
Employee share ownership trust	13	**(358)**	(358)
Profit and loss account		**10,509**	9,143
Shareholders' equity		**15,701**	13,949

The Parent Company's profit for the year was £2.0m (2023: £1.3m) and total comprehensive income attributable to the equity shareholders was £2.0m (2023: £1.3m).

The financial statements of Eleco plc, registered number 00354915, on pages 102 to 111 were approved by the Board of Directors on 30 April 2025 and signed on its behalf by:

Jonathan Hunter
Chief Executive Officer

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Statement of Company Accounting Policies

The Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable to the United Kingdom and Ireland, and with the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out as follows:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and are presented in Pounds Sterling. The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements. In addition, the Company has adopted the following disclosure exemptions under FRS 102 as the parent company consolidated financial statements are publicly available:

- requirement to present a statement of cash flows and related notes;
- share based payment disclosures; and
- financial instrument disclosures.

Judgements and key areas of estimation uncertainty

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

The key assumptions concerning the future and other key sources of uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

Intercompany loan interest rates

The Company has intercompany loan balances with certain other subsidiary companies. These balances principally relate to the transfer of funds between Group companies and the balances are subject to interest calculated on a daily basis. The Directors estimate an appropriate market rate of interest that is applied to the intercompany loan balances after consideration of local interest rates and the business risk of the borrower. The estimation of the appropriate market rate is therefore an estimate.

Recoverability of intercompany investments and loans

Intercompany investments and loans to subsidiary companies are stated at their carrying value under fixed assets in the Company Balance Sheet. The carrying value of the intercompany investments and loans are determined after consideration of the historical financial performance and future financial projections of the subsidiary company and the recoverability of the investments and loans. The recoverability of intercompany investments and loans is therefore an estimate.

Intangible and tangible fixed assets

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

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the asset to its operating condition. Depreciation commences when the assets are ready for their intended use.

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

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

Plant, equipment and vehicles – from two to ten years.

Investments in subsidiaries

Fixed asset investments are shown at cost, together with any incidental costs of acquisition, less any provision for impairment. Provisions are reviewed and adjusted annually to reflect any changes in the carrying value of the underlying subsidiary investments.

Finance and operating leases

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

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Share-based payments

The Company issues share options to employees from time to time. Under FRS 102 the equity-settled, share-based payment awards are valued at fair value at inception and this cost is recognised over the option vesting period of three years. The Board has used an appropriate model to estimate the fair value of the options. Various assumptions affect the value of the options and the Board has considered these assumptions in order to derive an appropriate charge for the cost of the options. The key assumptions used to derive the charge include the probability of performance achievement and the expected future dividend yield of the shares.

Provisions

A provision is recognised in the Company Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Interest-bearing loans and borrowings

All loans and borrowings are recognised at proceeds received less directly attributable transaction costs. Borrowing costs are recognised as an expense over the period based on the maturity of the underlying instrument.

Intercompany loans that are not considered to be at market rate are adjusted to their fair value. The difference between the transaction value and the fair value of the intercompany loans are recorded as an investment in the Company Balance Sheet. The difference unwinds to the profit and loss as interest receivable over the period of the loan.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain/loss in the profit and loss account.

Taxation

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

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

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

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

Employee Share Ownership Trust

Equity shares in Eleco plc held by the Employee Share Ownership Trust (ESOT) are treated as a deduction from the weighted average number of shares. The consideration paid is deducted from equity until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of related transaction costs and income tax effects, is included in equity attributable to the Company's equity holders.

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Notes to the Company Financial Statements

1. Profit for the year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The Parent Company's profit for the financial year was £2.0m (2023: £1.3m).

2. Employee information

The average number of employees during the period, including Directors, was made up as follows:

	2024 Number	2023 Number
Software development	**1**	1
Management and administration	**14**	12
	15	13

Staff costs during the period, including Directors, amounted to:

	2024 £'000	2023 £'000
Wages and salaries	**1,879**	1,793
Social security	**237**	201
Pension costs	**84**	59
Share-based payments	**60**	352
	2,260	2,405

Pension costs relate to contributions to defined contribution pension schemes. The remuneration of the Directors, who are the key management personnel of the Company, is set out below:

	2024 £'000	2023 £'000
Short-term employee benefits	**722**	711
Post-employment benefits	**32**	31
Executive Directors	**754**	742
Grant value of share options issued	**323**	260
Total remuneration in respect of key management personnel (excluding employers NI)	**1,077**	1,002
Fees – Non-Executive Directors	**233**	213

	2024	2023
Number of Directors' exercised options	**–**	–
Number of options issued to the Directors ('000)	**450**	525
Gain made in exercise of options (£'000)	**–**	–

The emoluments of the highest paid Director totalled £622,000 (2023: £563,000). For a detailed breakdown see Remuneration Committee Report, Directors Remuneration on page 49.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors are engaged through service contracts and each is appointed for an initial term of three years, which may thereafter be renewed. The Company has chosen for all Directors to stand for annual re-election at each year's AGM. The Non-Executive Directors do not participate in any of the Group's share-based incentive or pension schemes.

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3. Intangible fixed assets

	Intellectual property £'000
Cost:	
At 1 January 2023	1,424
Transfer from tangible fixed assets	122
Additions	127
At 31 December 2023	1,673
Additions	272
At 31 December 2024	**1,945**
Accumulated amortisation and impairment:	
At 1 January 2023	1,299
Amortisation charge for the year	2
At 31 December 2023	1,301
Amortisation charge for the year	31
At 31 December 2024	**1,332**
Net book value at 31 December 2023	372
Net book value at 31 December 2024	**613**

4. Tangible fixed assets

	Plant, equipment and vehicles £'000
Cost:	
At 1 January 2023	304
Transfer to intangible fixed assets	(122)
Additions	3
Disposals	(163)
At 31 December 2023	22
Additions	12
At 31 December 2024	**34**
Accumulated depreciation:	
At 1 January 2023	171
Depreciation charge for the year	4
Disposals	(163)
At 31 December 2023	12
Depreciation charge for the year	9
At 31 December 2024	**21**
Net book value at 31 December 2023	10
Net book value at 31 December 2024	**13**

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Notes to the Company Financial Statements
Continued

5. Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

	Shares at cost £'000	Investments £'000	Total £'000
Cost:			
At 1 January 2023	21,858	728	22,586
Additions	4,831	–	4,831
Disposals	(2,400)	–	(2,400)
At 31 December 2023 and 1 January 2024	24,289	728	25,017
At 31 December 2024	**24,289**	**728**	**25,017**
Accumulated provision:			
At 1 January 2023	16,040	–	16,040
At 31 December 2023 and 1 January 2024	16,040	–	16,040
At 31 December 2024	**16,040**	**–**	**16,040**
Net book value at 31 December 2023	8,249	728	8,977
Net book value at 31 December 2024	**8,249**	**728**	**8,977**

Investments include £728,000 (2023: £728,000) in respect of a fair value adjustment to a particular intercompany loan receivable and the amount represents the benefit passed to that subsidiary as a result of one historic loan being at below market value and consequently adjusted accordingly to an appropriate level.

The trading subsidiary undertakings are unlisted and wholly owned and set out in the table as follows. They are registered in England and Wales, where their operations are located in the United Kingdom. Overseas subsidiary undertakings are incorporated in their country of operations. All other subsidiary undertakings are dormant and are listed on page 113.

Company	Country of operations	Class of share capital held	Proportion held within Group	Nature of business
Elecosoft UK Limited	UK	Ordinary	100%	Software and services
BestOutcome Limited	UK	Ordinary	100%	Software and services
Eleco Software Limited	UK	Ordinary	100%	Software
Elecosoft Consultec AB	Sweden	Ordinary	100%	Software and services
Asta Development GmbH	Germany	Ordinary	100%	Software and services
Veeuze GmbH	Germany	Ordinary	100%	Software and services
Elecosoft LLC	US	Ordinary	100%	Software and services
Elecosoft BV	Netherlands	Ordinary	100%	Software and services
Elecosoft (Pty) Ltd	Australia	Ordinary	100%	Software and services
Sons of Coding SRL	Romania	Ordinary	100%	Services
Vertical Digital SRL	Romania	Ordinary	100%	Services
Elecosoft Limited	UK	Ordinary	100%	Holding company
Asta Group Limited	UK	Ordinary	100%	Holding company

The registered office of the UK subsidiary undertakings other than BestOutcome, is Parkway House, Haddenham Business Park, Pegasus Way, Haddenham, Buckinghamshire, England, HP17 8LJ, BestOutcome's registered office is Europa House, 11 Marshall Way, Gerrards Cross, Buckinghamshire, SL9 8BQ.

The registered office of the overseas subsidiary undertakings is shown in the Professional Advisors and Registered Offices section of this Annual Report and Accounts.

The ordinary shares in the above companies are held through an intermediate holding company except for Elecosoft Consultec AB, Veeuze GmbH, Elecosoft (Pty) Ltd and BestOutcome Limited.

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6. Debtors: amounts due after more than one year

	2024 £'000	2023 £'000
Amounts due from subsidiary undertakings	**24,452**	22,053
	24,452	22,053

The amounts due from subsidiary undertakings comprise of interest-bearing loans. The interest rate applied to the loans was in the range of 1.6 per cent to 3.0 per cent.

7. Debtors: amounts due within one year

	2024 £'000	2023 £'000
Trade debtors	**14**	14
Other debtors	**53**	20
Prepayments and accrued income	**334**	110
Other taxation and social security	**122**	24
Current taxation	**45**	45
Amounts due from subsidiary undertakings	**23**	688
	591	901

Amounts due from subsidiary undertakings comprise of trading intercompany current accounts which do not carry any interest receivable.

8. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade creditors	**609**	242
Other creditors	**35**	17
Accruals and deferred income	**915**	751
Other taxation and social security	**68**	55
	1,627	1,065

9. Creditors: amounts falling due after more than one year

The Company's facilities with Barclays Bank plc are explained in note 16 to the Consolidated Financial Statements.

	2024 £'000	2023 £'000
Deferred tax liabilities	**112**	47
Amounts due to subsidiary undertakings	**17,715**	18,046
	17,827	18,093

Amounts due to subsidiary undertakings comprise of interest-bearing loans of £16,955,000 (2023: £17,287,000) and intercompany accounts of £759,000 (2023: £759,000) which do not carry any interest receivable.

The interest rate applied to the interest-bearing loans was in the range of 1.6 per cent to 3.0 per cent.

10. Provisions for liabilities

	2024 £'000	2023 £'000
At 1 January	**26**	26
At 31 December	**26**	26

Further information on the details of the provisions is set out in note 17 of the consolidated accounts.

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Notes to the Company Financial Statements
Continued

11. Called up share capital

	No. of shares	2024 Nominal value £'000	No. of shares	2023 Nominal value £'000
Authorised:				
Ordinary Shares of 1 pence each	**85,000,000**	**850**	85,000,000	850
Allotted, called up and fully paid:				
Ordinary shares of 1p each at the start of the year	**83,207,397**	**832**	83,154,650	832
Issue of Ordinary Shares	**105,000**	**1**	52,747	–
Ordinary shares of 1p each at the end of the year	**83,312,397**	**833**	83,207,397	832

In the year 105,000 ordinary 1 pence new shares were issued (2023: 52,747) at a premium of £50,000 (2023: £12,000).

12. Share-based payments

The Company operates one share scheme and options outstanding at 31 December 2024 over Ordinary Shares granted under the scheme were as follows:

	Number of Ordinary Shares	Vesting dates: Earliest	Vesting dates: Latest	Weighted average remaining contractual life (years)
9 August 2017	370,000	1 May 2020	8 August 2027	2.6
18 May 2020	325,000	31 May 2023	31 May 2030	5.4
12 November 2020	125,000	31 May 2023	11 November 2030	5.9
1 August 2022	450,000	31 July 2025	31 July 2032	7.6
11 May 2023	855,000	11 May 2026	10 May 2033	8.4
3 June 2024	865,000	3 June 2027	2 June 2034	9.4
5 June 2024	500,000	5 June 2027	4 June 2034	9.4
	3,490,000			7.7

Details of the number of options over Ordinary Shares outstanding during the year are as follows:

	2024 Number	2024 Weighted average exercise price Pence	2023 Number	2023 Weighted average exercise price Pence
Outstanding at the beginning of the year	**3,340,000**	**70.1**	2,650,000	75.2
Granted during the year	**1,365,000**	**72.7**	1,035,000	67.2
Exercised during the year	**(105,000)**	**48.0**	(25,000)	48.0
Forfeited during the year	**(1,110,000)**	**88.6**	(320,000)	73.9
Outstanding at the end of the year	**3,490,000**	**65.9**	3,340,000	70.1
Exercisable at the end of the year	**820,000**		1,375,000	

The net expense recognised by the Company for share-based payments under the share option scheme in respect of employee services during the year ended 31 December 2024 was £60,000 (2023: £354,000).

Further details of the share options and the valuation model used are included in note 21 of the consolidated accounts.

13. Reserves

The Employee Share Ownership Trust held 907,849 shares at 31 December 2024 (2023: 907,849 shares) with a market value of £1,339,000 (2023: £735,000) and has waived its entitlement to dividends on Ordinary Shares held by it until such time as they are vested in employees.

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14. Operating lease commitments

	Property 2024 £'000	Property 2023 £'000
Leases expiring:		
Within one year	**83**	10
Between two and five years	**14**	–
	97	10

15. Related party transactions

The Company has taken advantage of the exemption granted by paragraph FRS102.33.1A not to disclose transactions with other Group companies as all subsidiaries are wholly owned. The Directors of Eleco plc Group had no material transactions with the Group during the year, other than as a result of service agreements or as disclosed in the Directors' Report. Details of the Directors' remuneration is disclosed in the Remuneration Committee Report on pages 46 to 51.

The Directors of the Company had no transactions with the Company during the year, other than a result of service agreements. The key management personnel are the Directors who are listed on page 56 of the Directors' Report.

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Five-Year Summary

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	**32,394**	28,006	26,566	27,344	25,232
EBITDA	**7,239**	5,759	5,200	7,182	6,675
Adjusted EBITDA	**7,731**	6,076	5,401	7,251	7,003
Gain on business disposal	**–**	(152)	–	–	–
Amortisation and impairment of intangible assets	**(2,492)**	(1,774)	(1,596)	(2,361)	(1,658)
Depreciation	**(691)**	(630)	(621)	(722)	(866)
Operating profit	**4,056**	3,203	2,983	4,099	4,151
Gain on business disposal	**–**	152	–	–	–
Net finance income/(costs)	**238**	62	(39)	(173)	(262)
Profit before taxation	**4,294**	3,417	2,944	3,926	3,889
Taxation	**(960)**	(762)	(549)	(1,195)	(726)
Profit after taxation	**3,334**	2,655	2,395	2,731	3,163
Basic earnings per share (continuing operations)	**4.0p**	3.2p	2.9p	3.3p	3.9p
Shareholders' equity	**30,172**	27,359	25,842	23,846	21,524
Final dividend per share	**0.70p**	0.55p	0.50p	0.40p	0.40p

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