

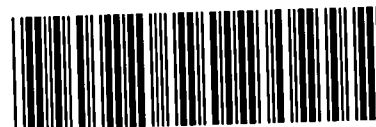
Harwell Technical Services Limited

Annual report and audited financial statements

Company Registration No. 03064821 (England and Wales)

31 December 2017

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COMPANY INFORMATION

Directors

E Jansen

M Norberg

J A L Sykes

Company number

03064821

Registered office

Blackstone Road

Stukeley Meadows Industrial

Huntingdon

Cambridgeshire

PE29 6EE

United Kingdom

Auditors

Ernst & Young LLP

One Cambridge Business Park

Cowley Road

Cambridge

CB4 0DZ

United Kingdom

Strategic report

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

Principal activity and review of the business

The company's principal activity during the year was the drying and restoration of documents.

The key performance indicators used by the company to monitor performance are as follows:

	12 Months ending 31 December 2017	12 Months ending 31 December 2016
Turnover (£)	2,361,063	2,406,523
Operating profit (£)	449,767	266,820
Average debtor days (days)	40	50
Staff turnover (%)	15.4%	24%

In 2017, the company achieved turnover of £2,361,063 a decrease of 1.8% compared to 2016 (2016: £2,406,523). Sales in 2016 were supported by more extreme weather events.

The company continues to invest in its people and aims to develop a culture of continuous improvement.

Key investments were made in the company's equipment with the goal of improving the services offered to customers, reducing the environmental impact of the business and for growth. The company continues to have strong long term relationships with its key suppliers and sub-contractors.

The company continues to make great efforts to improve its operational efficiency and to reduce waste in the business.

Operating profit in 2017 was £449,767 compared to £266,820 in 2016.

The company average debtor days decreased to 40 days (2016: 50 days) as a result of continued improvement and follow up on overdue invoices.

Staff turnover decreased to 15.4% (2016: 24%) and is still considered to be below the industry average.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are primarily competitive, credit and liquidity risks. The company is also dependent on weather patterns.

Competitive risk

The Company is very dependent on major customers; therefore future performance would be affected by the loss of a key account to a competitor.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses. Details of the company's debtors are shown in note 10 to the financial statements.

Strategic report (*Continued*)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the company.

By order of the board

J A L Sykes
Director

Handwritten signature of J A L Sykes and the date 19 Sep 18.

Date:

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £421,204 (2016: profit £219,460). The directors did not declare or pay a dividend in the year (2016: £nil).

Future developments

The company has continued to develop in all sectors. It continues to invest in both its people and equipment in support of developing these areas.

The company adopts a structured approach to business development and invests great effort in understanding the key current drivers of its customers and anticipating future ones.

The culture is one of innovation delivering valued benefit to the key customer groups. In insurance this takes the form of improving the end customer journey, expanding the service scope, reducing claim duration and overall claim cost. The company is very active in the heritage sector where it has many retained customers and enjoys a strong reputation.

The continuing successful work on systems thinking, simplifying processes and the goals of spreading best practice and eliminating waste continue to have great importance for the company.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who held office during the year and subsequent to the year-end were as follows:

E Jansen
M Norberg
J A L Sykes

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Employees

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' report (continued)

Employees (continued)

Employee involvement

The company operates a structured framework for employee information and consultation. During the year, the policy of providing employees with information about the company has taken place through the use of newsletters and the company's annual employee conference. Employees are encouraged to make suggestions on ways to improve the business and through the use of steering and project groups, management ensures that employees have an opportunity at every level to impact on how the business is managed. All employees participate in a survey annually to seek ways to measure and improve employee engagement, team effectiveness and address any concerns.

The company operates a sports and social committee run by employees which supports various charitable works as selected by employees themselves. The company has also launched an initiative whereby employees are paid to spend a day volunteering for a good cause of their own choice.

The company launched an environmental volunteer group with funds from the company to encourage a deeper sustainable culture within the business.

Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. The company's average credit payment period at 31 December 2017 was 25 days (2016: 49 days).

Financial Instruments

The company finances its activities with cash. Other financial assets and liabilities, such as trade debtors and trade creditors arise directly from the company's operating activities.

Financial instruments give rise to credit risk and liquidity risk. Information on company management of these risks can be found in the strategic report.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2016: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Post balance sheet events

There are no post balance sheet events requiring disclosure in the financial statements.

By order of the board

J A L Sykes
Director



19 Sep 18

Date:

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HARWELL TECHNICAL SERVICES LIMITED

Opinion

We have audited the financial statements of Harwell Technical Services Limited for the year ended 31 December 2017 which comprise of the primary statements such as the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

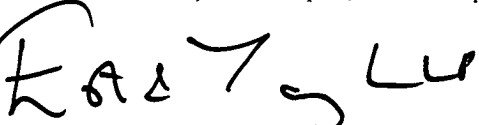
Auditor's responsibilities for the audit of the financial statements

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

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

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.



Fraser Bull (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date:

21 September 2018

Profit and Loss Account and Other Comprehensive Income
for the period ended 31 December 2017

	<i>Note</i>	31/12/2017	31/12/2016
		£	£
Turnover	4	2,361,063	2,406,523
Cost of sales		<u>(1,375,733)</u>	<u>(1,505,761)</u>
Gross profit		985,330	900,762
Administrative expenses		<u>(535,563)</u>	<u>(633,942)</u>
Operating profit	5	449,767	266,820
Other interest receivable and similar income		124	1,368
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		449,891	268,188
Tax on profit on ordinary activities	8	<u>(28,687)</u>	<u>(48,728)</u>
Profit for the financial year		<u>421,204</u>	<u>219,460</u>
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>421,204</u>	<u>219,460</u>

Balance Sheet
at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	120,510	161,355
Current assets			
Debtors	10	2,616,739	1,440,610
Cash at bank and in hand		347,663	1,013,087
		<u>2,964,402</u>	<u>2,453,697</u>
Creditors: amounts falling due within one year	11	<u>(671,699)</u>	<u>(641,951)</u>
Net current assets		<u>2,292,703</u>	<u>1,811,746</u>
Total assets less current liabilities		<u>2,413,213</u>	<u>1,973,101</u>
Provisions for liabilities		<u>(18,910)</u>	<u>-</u>
Net assets		<u><u>2,394,303</u></u>	<u><u>1,973,099</u></u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account		2,384,303	1,963,099
Shareholders' funds		<u><u>2,394,303</u></u>	<u><u>1,973,099</u></u>

Company Registration No. 03064821

These financial statements were approved by the board of directors and were signed on its behalf by:

J A L Sykes
Director
Date


19 Sep 18

Statement of Changes in Equity

at 31 December 2017

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	10,000	1,743,639	1,753,639
Total comprehensive income for the year			
Profit for the financial year	-	219,460	219,460
Balance at 31 December 2016	10,000	1,963,099	1,973,099

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	10,000	1,963,099	1,973,099
Total comprehensive income for the year			
Profit for the financial year	-	421,204	421,204
Balance at 31 December 2017	10,000	2,384,303	2,394,303

Company Registration No. 03064821

Notes to the Financial Statements

for the period ended 31 December 2017

1. General information

Harwell Technical Services Limited (the "Company") is a private company limited by shares and is incorporated, domiciled and registered in England in the UK. The registered number is 003064821 and the registered address is Blackstone Road, Stukeley Meadows Industrial, Huntingdon, Cambridgeshire PE29 6EE.

The company's principle activity during the year was the drying and restoration of documents. The company has prepared its financial statements in sterling.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company's financial statements are individual entity financial statements.

The Company's parent undertaking, Polygon Holdings AB includes the Company in its consolidated financial statements. The consolidated financial statements of Polygon Holdings AB are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Hi Tech Building, 21 Sveavägen 9, 3rd floor, 101 52, Stockholm, Sweden.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures

- a) The requirements of the paragraph 91-99 of IFRS 13 Fair Value management,
- b) The requirement in paragraph 38 of IAS 1 'Presentation of financial statements' to present comparative information in respect of:
 - 1) Paragraph 79(A)(iv) of IAS 1
 - 2) Paragraph 73(e) of IAS 16 Property and equipment
 - 3) Paragraph 118(e) of IAS 38 intangible assets.
- c) The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- d) The requirements of IAS 7 Statement of Cash Flows;
- e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- g) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- h) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets,
- i) The requirements of IFRS 7 Financial Instruments Disclosures.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

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

2.2 *Going concern*

In determining the appropriate basis of presentation of the financial statements, the Directors have considered whether the Company can continue in operational existence for the foreseeable future, this being a period of not less than 12 months from the date of the approval of the financial statements.

2.3 *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.4 *Classification of financial instruments issued by the Company*

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.5 *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes to the financial statements (*continued*)

2 Significant accounting policies (*continued*)

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The depreciation rates applied are as follows:

- Plant and machinery 10% per reducing balance
- Fixtures and fittings 25% per reducing balance

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the period of de-recognition.

2.8 *Impairment excluding deferred tax assets*

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.9 *Employee benefits*

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

2.10 *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

2.11 Turnover

Revenues are generated from sales of services.

Revenue in the operating activities of the Company are measured at the fair value of the consideration received or receivable, with consideration of current payment terms, excluding taxes and fees.

Revenue from services is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be determined in a reliable way. This moment regularly coincides with invoicing of delivered services. Partial payment or advances from customers is recognized as revenue only when they refer to already executed services.

When the outcome of a project involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the projects at the end of the reporting period. The stage of completion is normally measured as the proportion of costs incurred to date in relation to the estimated total costs of the project. If a reliable estimation of stage of completion cannot be made, revenue is not recognized until the project is finished. The same goes for smaller projects. In loss projects where it is not likely that the customer will compensate Harwell Technical Services Limited for rendered services, the loss is recognized immediately.

2.12 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements *(continued)*

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Operating lease commitments

The Company has entered into commercial property leases and other equipment leases as a lessee. The classification of such leases as operating or finance leases requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Notes to the financial statements (continued)

4. Turnover

	2017 £	2016 £
By type:		
Rendering of services	2,361,063	2,406,523
Total turnover	2,361,063	2,406,523
	2017 £	2016 £
By activity:		
Document restoration services	2,361,063	2,406,523
Total turnover	2,361,063	2,406,523
	2017 £	2016 £
By geographical market:		
United Kingdom	2,265,243	2,385,623
Rest of world	95,820	20,900
Total turnover	2,361,063	2,406,523

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation	14,698	15,925
Loss on disposal of fixed assets	26,147	-
Loss on foreign currency	286	11,908
Operating lease rentals:		
Plant and machinery	31,510	18,270
Land and buildings	64,992	101,590
 <i>Auditor's remuneration:</i>		
Audit of these financial statements	12,500	14,300
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	-	-

Notes to the financial statements (continued)

6. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
	£	£
Selling	23	24
Management and Administration	5	5
	28	29

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	652,804	593,333
Social security costs	56,023	51,632
Other pension costs	16,217	15,288
	725,044	660,253

7. Directors' remuneration

	2017	2016
	£	£
Directors' remuneration	-	-
Company contributions to defined contribution pension plans	-	-

A management fee of £68,037 (2016: £62,360) in respect of UK administration costs has been made by group undertakings, which includes the directors' remuneration for 2 of the company's directors which it is not possible to identify separately.

No director was a member of a defined benefit or defined contribution scheme in either the current or prior year.

Notes to the financial statements *(continued)*

8. Taxation

Recognised in the profit and loss account

	2017	2016
	£	£
<i>UK corporation tax</i>		
Current tax on income for the period	78,521	53,638
Adjustments in respect of prior periods	(53,224)	5,361
Total current tax	25,297	58,585
<i>Deferred tax (see note 12)</i>		
Origination and reversal of temporary differences	3,390	(2,198)
Tax rate change	-	(1,042)
Adjustment in respect of prior periods	-	(6,617)
Total deferred tax	3,390	(9,857)
Tax on profit	28,687	48,728

Notes to the financial statements *(continued)*

8. Taxation (continued)

Reconciliation of effective tax rate

	2017 £	2016 £
Profit for the financial year	421,080	219,460
Total tax expense	28,687	48,728
Profit excluding taxation	449,767	268,188
Tax using the UK corporation tax rate of 19.25% (20%)	86,580	53,638
Origination and reversal of timing differences	4,729	(2,198)
Tax rate changes	-	(1,042)
Adjustments in respect of prior periods	(62,622)	(2,156)
Other adjustments	-	486
Total tax expense	28,687	48,728

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the rate of Corporation tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2020. In the 2016 Budget, it was announced that the rate of Corporation tax from 1 April 2020 will be reduced further to 17%. This rate received Royal Assent on 15 September 2016. As such the temporary differences are expected to reverse at the main rate of UK Corporation tax of 17%, being the rate enacted at the balance sheet date, and deferred tax has therefore been provided at this rate.

Notes to the Financial Statements (continued)
for the period ended 31 December 2017

9. Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2017	479,567	9,751	489,318
Additions	-	-	-
Disposals	(65,201)	(7,610)	(72,811)
At 31 December 2017	414,366	2,141	416,507
Accumulated depreciation			
At 1 January 2017	320,770	7,193	327,963
Charge for the year	14,342	356	14,698
Disposals	(40,309)	(6,355)	(46,664)
At 31 December 2017	294,803	1,194	295,997
Net book value			
At 1 January 2017	158,797	2,558	161,355
At 31 December 2017	119,563	947	120,510

10. Debtors

	2017	2016
	£	£
Amounts receivable within one year		
Trade debtors	220,720	156,983
Amounts due from parent undertaking	2,111,469	1,084,184
Other debtors	260,483	178,971
Prepayments and accrued income	24,067	20,472
	<u>2,616,739</u>	<u>1,440,610</u>

Notes to the Financial Statements (continued)
for the period ended 31 December 2017

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	42,936	127,606
Amounts owed by parent company	126,921	-
Corporation tax	92,066	86,760
Other taxes and social security costs	109,085	126,388
Accruals and deferred income	300,691	285,677
Deferred tax (see Note 12)	-	15,520
	<u>671,699</u>	<u>641,951</u>

12. Deferred taxation

	£
Balance at 1 January 2017	15,520
Deferred tax charge in profit and loss for the period	3,390
	<u>18,910</u>
Balance at 31 December 2017	<u>18,910</u>

The deferred tax liability is made up as follows:

	2017	2016
	£	£
Accelerated capital allowances	<u>18,910</u>	<u>15,520</u>

Notes to the Financial Statements (continued)
for the period ended 31 December 2017

13. Share capital	2017	2016
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
Profit and loss account		

Profit and loss account represents the amount of net earnings, less amounts paid out as dividends, retained by the company to be reinvested in its core business.

14 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is R3 Polygon UK Limited.

In the directors' opinion, the company's ultimate parent undertaking is MuHa No2 incorporated in Luxemburg and Triton Investments is the company's controlling party.

The smallest and largest group which consolidates the results of the company is Polygon Holdings AB. Copies of the group financial statements may be obtained from Hi Tech building 21 Sveavagen 9 3rd floor 101 52 Stockholm Sweden.

15 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	£	£
Less than one year	85,000	95,930
Between one and five years	111,906	176,906
More than five years	-	-
	196,906	272,836

The Company has entered into commercial leases on certain properties, motor vehicles. These leases have an average duration of between 3 and 10 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

During the year £96,502 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £119,860).