

Registered number: 04648708

OLIVE BUSINESS SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

WEDNESDAY



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OLIVE BUSINESS SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

M Geraghty
M Flick
R Flynn
J Kennedy (resigned 20 July 2018)

Registered number

04648708

Registered office

Olive House
Mercury Park
Wooburn Green
High Wycombe
Buckinghamshire
HP10 0HH

Independent auditor

Hillier Hopkins LLP
Chartered Accountants & Statutory Auditor
Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

OLIVE BUSINESS SOLUTIONS LIMITED

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OLIVE BUSINESS SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018

Introduction

The Directors present their annual report and audited financial statements for the year ended 31 January 2017.

Business review

The year has been a successful one for Olive with the delivery of several significant Cloud Telephony and Contact Centre solutions for Enterprise clients and the deployment during the second half of the year of a multi-territory contact centre solution using Mitel World Cloud for a market leading Global Business Process Outsourcer. These achievements contributed to strong year-on-year and forecasted revenue growth within Olive's cloud unified communications business and bodes well for the future given the predictable and long-term nature of the contracts that underpin the revenues. The growth in cloud unified communications revenue was complemented by a growing number of smaller Vodafone One-Net implementations across new and existing customers which has grown the long term contracted recurring revenue to 80% of total annual revenue and improved the overall quality of earnings. Revenues from cloud unified communications have grown from under 5% in 2014 and this year accounted for approximately 35% of total turnover in the period and support a demonstrable market opportunity and strong referencability for the Olive Group in this market.

As anticipated, traditional mobile revenue has come under some pressure in line with market conditions and this has resulted in a decrease in mobile revenue of 3%. Despite this market wide ARPU decline caused by EU roaming changes and tariff bundling, the company achieved numerous key successes with the overall subscriber base growing and significant wins being secured through new agreements with Man Truck and Bus, Omniserve, Mizuho and Emcor towards the end of the financial year.

Overall revenue grew by 10.7% to £31.3m with gross margins falling by just 0.9% to 41.2%, due to the changing mix of Mobile vs Cloud, which benefits from longer term recurring margin. Continued focus on operational costs has yielded efficiency savings which have passed through to the bottom line and improved EBITDA from a loss position of -£0.8m to +£0.5m. Headcount numbers have been optimised through natural attrition and the average number of employees has fallen by 12% from 142 to 125.

Investments in systems, process and quality management resulted in the award of ISO 27001 accreditation in May 2017 which coupled with a robust people development strategy underpins the strong Managed Service capabilities of the company.

Olive continues to invest in its capability to offer Omni-channel Cloud Communications, integrated with Mobility solutions to meet the needs of its expanding portfolio of customers. Technological advancements are changing the market at pace, with digitalisation of communication channels, political change and globalisation determining the needs of customers. Our strategic decision in 2015 to focus on integrated solutions rather than silo mobile technology has paid off with the investments made now yielding quantifiable results and delivering a proven track record in driving transformational change for both existing and a significant number of new customers during the period.

The entirely organic overall growth and financial performance delivered during the financial year provides a strong foundation from which Olive can optimise the growing market opportunity for Cloud & Mobile integration, IoT and communication digitalisation. These achievements support plans for increased investment in application development and A.I capability being developed in the Olive Cloud Managed Service Platform, alongside planned international expansion, to support and monetise the growing opportunity for integrated fixed and mobile services and in Enterprise, World Cloud solutions.

OLIVE BUSINESS SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

Principal risks and uncertainties

The company operates in a highly competitive market and benefits from a number of long-standing relationships with key suppliers and customers. These relationships are a key focus of management attention at all levels of the organisation to maximise business opportunities and manage the risk of any adverse impact on the financial performance of the company.

Changes in the technology market can be swift and this represents a risk to traditional resellers, however Management believe that Olive's strategy shift in 2014 has to a large extent, mitigated this risk. As part of a continued focus on risk management, technology trends that may impact the customers and markets in which Olive operates are regularly reviewed and the development of potential new partnerships to further enhance expertise and to take advantage of opportunities early in the technology life cycle are continually explored and evaluated.

Due to the nature of the business the directors consider that the only financial risks that are relevant to the company are credit, funding and liquidity risk.

Credit Risk

The principal credit risk arises from trade debtors. A large proportion of company revenue is derived from revenue share received on a monthly basis from large corporations with high credit ratings. In addition, with no single customer representing more than 5% of revenues, the directors consider the risk of default to be very low.

In order to manage the credit risk of other trade debtors the directors set credit limits based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis by the Finance function in light of payment history and debt ageing.

Funding and Liquidity Risk

Working capital demands from the monthly cash requirements of operations are subject to fluctuations based on the timing of revenue receipts. Risk arises from this due to the need to maintain sufficient cash liquidity. The company has increased its balance of cash and cash equivalents across the year, continues to maintain a close relationship with its bankers and has reduced senior debt to a five year low by design. The loan note holders of its parent company are also the principal equity holders of its parent and the company continues to enjoy their support. In addition, regular detailed cash flow forecasts are prepared and reviewed by the Finance team on a bi-weekly basis and by the Board on a monthly basis.

OLIVE BUSINESS SOLUTIONS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018**

Financial key performance indicators

The table below sets out measures considered by the Board to be key indicators of financial performance for the business:

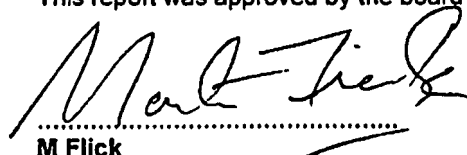
	2018	2017	% change
Revenue	£31.3m	£28.3m	+10.7%
Gross margin %	41.2%	42.1%	-0.9%
EBITDA	£0.5m	-£0.8m	+160%

The company delivered revenue growth of 10.7% year-on-year despite a decline in core mobile revenue. This achievement reflects an excellent performance within the unified communications business which has seen revenue grow by 77% year-on-year with new implementation activity generating in year revenue and providing a growing platform for recurring revenues. This has offset a decline of 3% in network revenues principally due to competitive and regulatory pressures within mobile sector.

Gross margin is principally impacted by the decline in network revenues noted above.

EBITDA is considered the primary measure of financial performance by the directors and has improved by £1.3m from a loss position of £0.8m to +£0.5m. This reflects improved operational performance in reducing both direct cost of sales and the overhead cost base whilst delivering revenue growth.

This report was approved by the board and signed on its behalf.


.....
M Flick
Director

Date: 30/10/18

OLIVE BUSINESS SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2018

The Directors present their report and the financial statements for the year ended 31 January 2018.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,319,769 (2017 - loss £2,809,832).

This represents a strong improvement on the prior year and resulted in an excellent cash performance with the year-end cash balance increasing to £1.2m (2017 £0.3m).

At an operating level, the loss for the year of £1.3m (2017 loss £2.9m) represents a 57% improvement. This continues to be impacted by the amortisation of historic acquisition costs although the diminishing impact of these and savings being driven through cost of sales opportunities and overheads is expected to deliver a return to operating profits during the next financial year.

Margins within the mobile business continue to decline. Increasing pressures within the wider mobile industry have driven falling ARPU's as a result of the growth of bundled tariffs and regulatory impacts such as EU roaming legislation changes in July 2017. In contrast margins within the unified communications business continue to be solid and the transition to 'as a service' requirements from customers within this space presents future opportunities for margin growth.

The company continues to receive strong support from the shareholders and long term loan note holders of its parent company.

No dividends have been declared.

Directors

The Directors who served during the year were:

OLIVE BUSINESS SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018**

M Geraghty
M Flick
R Flynn
J Kennedy (resigned 20 July 2018)

Future developments

Olive will continue to leverage its excellent reputation and partner accreditations to expand both its market offerings and resource capability within the unified communications sector. This will see investment in new staff to bring service support in-house with financial and service benefits to both Olive and its customers.

International capabilities are being developed to provide opportunities for cross border implementations and 24/7 service support for existing and future customers.

The company expects to remain at the forefront of new technology and will continue to maintain strong relations with key partners such as Vodafone and Mitel.

Investments in marketing are anticipated to deliver enhanced external visibility across all media including social platforms and development of sector specific propositions.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

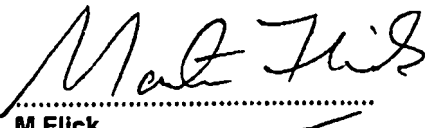
Post balance sheet events

There are no post balance sheet events to report.

Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M Flick
Director

Date: 30/10/18

OLIVE BUSINESS SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Olive Business Solutions Limited (the 'Company') for the year ended 31 January 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 January 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

OLIVE BUSINESS SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion 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 Company and its 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, 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 on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

OLIVE BUSINESS SOLUTIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS
LIMITED (CONTINUED)**

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: 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.



Richard Malone ACA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford

Herts

WD17 1HP

Date: 31 Oct '18

OLIVE BUSINESS SOLUTIONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2018**

	Note	2018 £	2017 £
Revenue	4	31,268,242	28,256,605
Cost of sales		(18,387,270)	(16,364,426)
Gross profit		12,880,972	11,892,179
Administrative expenses		(14,146,037)	(14,830,866)
Operating loss	5	(1,265,065)	(2,938,687)
Interest payable and expenses	9	(130,907)	(104,607)
Loss before tax		(1,395,972)	(3,043,294)
Tax on loss	10	76,203	233,462
Loss for the financial year		(1,319,769)	(2,809,832)
Total comprehensive income for the year		(1,319,769)	(2,809,832)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

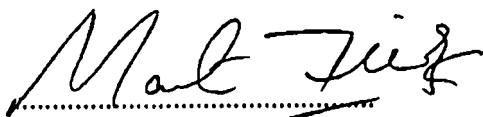
The notes on pages 12 to 30 form part of these financial statements.

OLIVE BUSINESS SOLUTIONS LIMITED
REGISTERED NUMBER: 04648708

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Intangible assets	11	1,338,583	2,911,767
Tangible assets	12	398,812	489,094
		<u>1,737,395</u>	<u>3,400,861</u>
Current assets			
Stocks	13	72,039	108,661
Debtors: amounts falling due within one year	14	18,189,356	20,060,682
Cash at bank and in hand	15	1,162,205	271,432
		<u>19,423,600</u>	<u>20,440,775</u>
Creditors: amounts falling due within one year	16,27	(23,016,793)	(23,000,492)
Net current liabilities		<u>(3,593,193)</u>	<u>(2,559,717)</u>
Total assets less current liabilities		<u>(1,855,798)</u>	<u>841,144</u>
Creditors: amounts falling due after more than one year	17	(1,668,653)	(3,043,509)
Provisions for liabilities			
Deferred tax	20	-	(2,317)
Net liabilities		<u><u>(3,524,451)</u></u>	<u><u>(2,204,682)</u></u>
Capital and reserves			
Called up share capital	21	100	100
Profit and loss account	22,27	(3,524,551)	(2,204,782)
		<u><u>(3,524,451)</u></u>	<u><u>(2,204,682)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M Flick
Director

Date: 30/10/18

The notes on pages 12 to 30 form part of these financial statements.

OLIVE BUSINESS SOLUTIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018**

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 February 2016 (as previously stated)	100	3,733,911	3,734,011
Prior year adjustment	-	(3,128,861)	(3,128,861)
	<u>100</u>	<u>605,050</u>	<u>605,150</u>
At 1 February 2016 (as restated)			
Comprehensive income for the year			
Loss for the year	-	(2,809,832)	(2,809,832)
	<u>-</u>	<u>(2,809,832)</u>	<u>(2,809,832)</u>
At 1 February 2017	100	(2,204,782)	(2,204,682)
Comprehensive income for the year			
Loss for the year	-	(1,319,769)	(1,319,769)
	<u>-</u>	<u>(1,319,769)</u>	<u>(1,319,769)</u>
At 31 January 2018	<u>100</u>	<u>(3,524,551)</u>	<u>(3,524,451)</u>

The notes on pages 12 to 30 form part of these financial statements.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

1. General information

Olive Business Solutions Limited (the "Company") is a company incorporated and domiciled in England & Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Olive Communications Solutions Limited as at 31 January 2017 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Company is loss making in the current and prior years, and as at the balance sheet date is in a net liabilities position.

Management have prepared detailed cash flow forecasts, covering a period of not less than 12 months into the future. Based on these and the trading activity and pipeline that exists, they have concluded that the application of the going concern assumption in the preparation of these financial statements is appropriate.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Property, plant and equipment

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- 10 years straight line or life of lease if shorter
Improvements	
Motor vehicles	- 3 years straight line
Fixtures & fittings	- 3 years straight line
Office equipment	- 3 years straight line
Computer equipment	- 3 to 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

2. Accounting policies (continued)

2.7 Inventories

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

2.11 Payables

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 February 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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 effects on the amounts recognised in the financial statements:

- The revenue and costs recognised under long term Converged Solutions contracts, has been individually assessed for each contract as at the period end. Management have recognised revenue and cost based on the expected total profit margin for the contract and the amounts delivered and utilised by the customer as at the period end.
- Deferred cost of goods sold has been recognised based on the age and usage profile of the contacts. The amounts deferred for each contract represent the expected future costs for new and replacement devices.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

4. Revenue

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Telecommunication sales	<u>31,268,242</u>	<u>28,256,605</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	<u>31,268,242</u>	<u>28,256,605</u>

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Exchange differences	(195)	3,921
Other operating lease rentals	<u>187,871</u>	<u>228,272</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>38,500</u>	<u>39,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	6,840,667	6,821,392
Social security costs	726,196	833,297
Cost of defined contribution scheme	99,511	69,406
	<u>7,666,374</u>	<u>7,724,095</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Administration	89	105
Sales	32	32
Management	4	5
	<u>125</u>	<u>142</u>

8. Directors' remuneration

	2018 £	As restated 2017 £
Directors' emoluments	504,673	656,164
Company contributions to defined contribution pension schemes	<u>645</u>	<u>62</u>

During the year retirement benefits were accruing to 2 Directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £361,944 (2017 - £370,811).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £388 (2017 - £31).

The comparative disclosure of Directors' emoluments has been restated to correct for a misclassification of fees paid to a related party.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

9. Interest payable and similar expenses

	2018	2017
	£	£
Bank interest payable	130,907	104,607

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax credit on profits for the year	28,085	172,142
Adjustments in respect of previous periods	39,880	-
Total current tax	67,965	172,142
Deferred tax		
Origination and reversal of timing differences	8,238	61,320
Total deferred tax	8,238	61,320
Taxation on profit on ordinary activities	76,203	233,462

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.17% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>(1,395,972)</u>	<u>(3,043,294)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.17% (2017 - 20%)	267,608	608,659
Effects of:		
Expenses not deductible for tax purposes	(350,291)	(390,224)
Capital allowances for year in excess of depreciation	(5,272)	15,245
Adjustments to tax charge in respect of prior periods	39,880	-
Other timing differences leading to an increase (decrease) in taxation	-	(6,190)
Adjustment in research and development leading to an increase in the tax credit	115,647	68,902
Book profit on chargeable assets	425	(3,445)
Unrelieved tax losses carried forward	-	(62,485)
Non-trade loan relationships	8,206	-
Group relief	-	3,000
Total tax charge for the year	<u>76,203</u>	<u>233,462</u>

Factors that may affect future tax charges

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 18 per cent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

11. Intangible assets

	Goodwill £
Cost	
At 1 February 2017	9,067,821
Disposals	(463,455)
At 31 January 2018	<u>8,604,366</u>
Amortisation	
At 1 February 2017	6,156,053
Charge for the year	1,569,761
On disposals	(460,031)
At 31 January 2018	<u>7,265,783</u>
Net book value	
At 31 January 2018	<u><u>1,338,583</u></u>
At 31 January 2017	<u><u>2,911,767</u></u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

12. Property, plant and equipment

	L/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 February 2017	288,660	11,136	216,187	45,465	555,694	1,117,142
Additions	2,535	-	-	435	81,263	84,233
Disposals	-	(4,619)	-	-	-	(4,619)
At 31 January 2018	291,195	6,517	216,187	45,900	636,957	1,196,756
Depreciation						
At 1 February 2017	107,599	3,950	209,959	45,466	261,074	628,048
Charge for the year on owned assets	40,171	2,951	6,227	379	122,605	172,333
Disposals	-	(2,438)	-	-	-	(2,438)
At 31 January 2018	147,770	4,463	216,186	45,845	383,679	797,943
Net book value						
At 31 January 2018	143,425	2,054	1	55	253,278	398,813
At 31 January 2017	181,061	7,186	6,227	-	294,620	489,094

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Long leasehold	143,426	181,061

13. Inventories

	2018 £	2017 £
Finished goods	72,039	108,661

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

14. Trade and other receivables

	2018 £	2017 £
Trade debtors	3,910,089	3,120,170
Amounts owed by group undertakings	5,422,778	5,415,612
Other receivables	418,116	1,480,907
Prepayments and accrued income	8,432,452	10,043,993
Deferred taxation	5,921	-
	<u>18,189,356</u>	<u>20,060,682</u>

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>1,162,205</u>	<u>271,432</u>

16. Payables: Amounts falling due within one year

	2018 £	<i>As restated</i> 2017 £
Bank loans	1,312,500	1,312,500
Trade payables	3,210,222	3,091,075
Amounts owed to group undertakings	12,290,092	12,290,092
Other taxation and social security	1,842,498	1,765,963
Obligations under finance lease and hire purchase contracts	71,060	118,850
Other payables	2,591,726	2,624,751
Accruals and deferred income	1,698,695	1,797,261
	<u>23,016,793</u>	<u>23,000,492</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

17. Payables: Amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	1,640,625	2,953,125
Net obligations under finance leases and hire purchase contracts	28,028	90,384
	<u>1,668,653</u>	<u>3,043,509</u>

18. Loans

Analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year		
Bank loans	1,312,500	1,312,500
Amounts falling due 1-2 years		
Bank loans	1,312,500	1,312,500
Amounts falling due 2-5 years		
Bank loans	328,125	1,640,625
	<u>2,953,125</u>	<u>4,265,625</u>

Bank loans include short-term money market facilities of £nil (2017: £nil) repayable on demand.

Other bank loans included in amounts falling due within one and amounts falling due in one to two years are on a fixed term repayment basis due within 2 years.

Bank loans are secured by a cross guarantee and debenture against the company and other members of its group and personal guarantees with directors M Geraghty and M Flick.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

19. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,162,205	271,432
Financial assets that are debt instruments measured at amortised cost	11,089,464	9,955,285
Financial assets that are equity instruments measured at cost less impairment		
	<u>12,251,669</u>	<u>10,226,717</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(22,743,862)</u>	<u>(24,068,802)</u>

Financial assets measured at fair value through profit or loss comprise of cash held at bank.

Financial assets that are debt instruments measured at amortised cost comprise of debtors due within one year.

Financial liabilities measured at amortised cost comprise of creditors due within one year.

20. Deferred taxation

	2018 £
At beginning of year	(2,317)
Credited to the profit or loss	8,238
At end of year	<u>5,921</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

20. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(39,270)	(47,508)
Tax losses carried forward	45,191	45,191
	<u>5,921</u>	<u>(2,317)</u>

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 (2017 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

22. Reserves

Profit & loss account

Included in the retained earnings are all current and prior period retained profits and losses.

23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £99,511 (2017: £64,222).

Contributions totalling £7,001 (2017: £6,794) were payable to the fund at the balance sheet date and are included in creditors

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

24. Commitments under operating leases

At 31 January 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	263,040	310,234
Later than 1 year and not later than 5 years	774,610	843,998
Later than 5 years	341,907	516,407
	<u>1,379,557</u>	<u>1,670,639</u>
	2018 £	2017 £
Not later than 1 year	111,138	186,746
Later than 1 year and not later than 5 years	3,580	106,578
	<u>114,718</u>	<u>293,324</u>

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

25. Related party transactions

During the year, purchases of £nil (2017: £nil) were made from Olive Unified Communications Services Limited, a company in which M Geraghty is a Director. At the year end, £26,290 (2017: £26,290) is included as a debit in Trade payables.

During the year purchases of £nil (2017: £32,000) and sales of £12,095 (2017: £1,523) were made to Construction Safety UK Limited, a company in which M Geraghty and J Kennedy are Directors. At the year end £14,449 (2017: £nil) is included in Trade Receivables.

During the year the Company has written off Trade Receivable balances totalling £nil (2017: £57,675) due from Construction Safety UK Limited.

During the year purchases of £53,671 (2017: £53,753) were made from Springboard Advisory Services Limited, a Company where R Flynn is a Director. As at the year end £5,331 (2017: £5,353) is included within Trade payables.

During the year sales of £7,605 (2017: £7,566) were made to Want2bethere Limited, a Company where R Flynn is a Director. The sales were made at commercial arms length and as at the year end £746 (2017: £1,604) is included within Trade receivables.

During the year purchases of £40,870 (2017: £38,073) were made from Consolidate Business Services Limited, a Company where V Vithaldas is a Director. As at the year end £4,000 (2017: £nil) is included within Trade payables.

During the year, consultancy charges of £200,000 (2017: £200,000) were paid to Geraghty Bloodstock Pty Ltd a company which is controlled by M Geraghty. As at the year end £nil (2017: £nil) is included in Trade payables.

During the prior year purchases were made and income received by M Geraghty on behalf of the Company. As at the year end £300,000 was owed to (2017: £300,000) the Company.

26. Controlling party

The immediate parent company is Olive Communication Solutions Limited.

The ultimate controlling party is Mark Geraghty.

27. Prior year adjustment

In preparing the 31 January 2017 year end financial statements a prior year adjustment was included to recognise the results of an extensive and granular cleansing of each nominal ledger account following the inward investment of BGF in January 2016 and a complete change in the senior finance team in place within the Company.

In order to present the results in the most consistent and accurate basis, where it was evident that these related to a previous year, the correction was made to that prior period.

During the current year a further correction to the carrying amount of liabilities at 31 January 2016 has been identified. To ensure consistency the adjustment has been posted to the 31 January 2016 period and is therefore reflected in these accounts in the opening retained profit position at 1 February 2016.