


Registered number:09908607

HSO UK HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL
STATEMENTS

For the period ended 31 December 2016

PM+M Solutions for Business LLP
Chartered Accountants
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB



HSO UK HOLDING LIMITED

COMPANY INFORMATION

Director	Mr A J Koedijk
Registered number	09908607
Registered office	1st Floor Enterprise point Altrincham Road Manchester M22 9AF
Independent auditors	PM+M Solutions for Business LLP Chartered Accountants & Statutory Auditors Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

HSO UK HOLDING LIMITED

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HSO UK HOLDING LIMITED**GROUP STRATEGIC REPORT****For the Period Ended 31 December 2016****Business review**

HSO UK Holding Limited was incorporated on 9 December 2015 to act as the UK based holding company of its three trading subsidiaries, HSO Enterprise Solutions Limited, HSO Customer Service Limited and HSO CRM Solutions Limited.

These consolidated financial statements have been prepared on the basis of merger accounting. The comparative figures therefore represent the position as if this group structure had existed prior.

In line with other group operations, and as previously reported, the single trading entity called HSO Enterprise Solutions Limited business was split into four legal entities. What was HSO Enterprise Solutions Limited was renamed to HSO Customer Service Limited because of the many recurring annual support and maintenance contracts associated with that registered company, and three new companies were registered, being HSO Enterprise Solutions Limited, HSO CRM Solutions Limited and HSO UK Holding Limited. These audited accounts therefore reflect this new structure, reporting the UK group's financial performance and position as at 31 December 2016.

The director anticipates continued growth in each of the subsidiary businesses, resulting in growth across the Group as a whole.

Principal risks and uncertainties

Across the UK business, the proportion of international customer and supplier trading continues to grow. However, recent currency fluctuations have the potential to undermine margins traditionally associated with services provision, and to increase the costs of supplied services. HSO is working with its bank to establish a forward hedged currency position to mitigate against future currency fluctuations and to provide greater revenue and cost certainty around trading transactions.

Financial key performance indicators

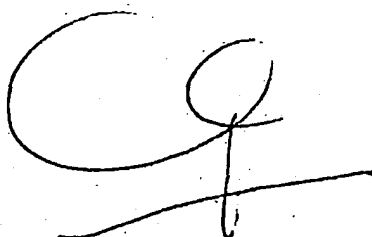
	Unit	2016	2015
Turnover growth	%	20	54
Turnover	£m	14.5	12.1
Gross profit margin	%	78	79
Net profit	%	1	5

Going concern

The company has adequate financial resources along with a diverse spread of customers and suppliers. There is no over reliance on any single customer. The director has prepared forecasts for the Group, as a consequence the director believes that the group is well placed to manage its business risks successfully despite the current uncertain economic environment. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on 7 August 2017 and signed on its behalf.

Mr A J Koedijk
Director



HSO UK HOLDING LIMITED

DIRECTOR'S REPORT

For the Period Ended 31 December 2016

The director presents his report and the financial statements for the period ended 31 December 2016.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group'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 Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the period, after taxation, amounted to £336 (2015 -£567,917).

Director

The director who served during the period was:

Mr A J Koedijk

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he 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 and the Group's auditors are aware of that information.

HSO UK HOLDING LIMITED

DIRECTOR'S REPORT (CONTINUED)
For the Period Ended 31 December 2016

Post balance sheet events

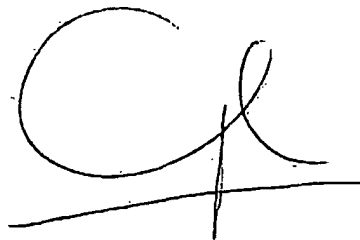
There have been no significant events affecting the Group since the year end.

Auditors

The auditors, PM+M Solutions for Business LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 August 2017 and signed on its behalf.

Mr A J Koedijk
Director

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a vertical line and a horizontal stroke.

HSO CUSTOMER SERVICE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HSO CUSTOMER SERVICE LIMITED

We have audited the financial statements of HSO Customer Service Limited for the year ended 31 December 2016, set out on pages 8 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

HSO CUSTOMER SERVICE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HSO CUSTOMER SERVICE LIMITED
(CONTINUED)**

Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

PM+M Solutions for Business LLP

Helen Clayton Bsc FCA (Senior statutory auditor)

for and on behalf of

PM+M Solutions for Business LLP

Chartered Accountants

Statutory Auditors

Greenbank Technology Park

Challenge Way

Blackburn

Lancashire

BB1 5QB

6 September 2017

HSO UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
For the Period Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	14,501,133	12,052,063
Cost of sales		(3,189,377)	(2,473,103)
Gross profit		11,311,756	9,578,960
Administrative expenses		(11,624,418)	(8,864,129)
Operating (loss)/profit		(312,662)	714,831
Interest payable and expenses	9	12,518	(2,738)
(Loss)/profit before tax		(300,144)	712,093
Tax on (loss)/profit	10	300,480	(144,176)
Profit after tax		336	567,917
Retained earnings at the beginning of the period		5,680	(562,237)
Profit for the year attributable to the owners of the parent company		336	567,917
Retained earnings at the end of the period		6,016	5,680

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 12 to 25 form part of these financial statements.

HSO UK HOLDING LIMITED
REGISTERED NUMBER:09908607

CONSOLIDATED BALANCE SHEET
As at 31 December 2016

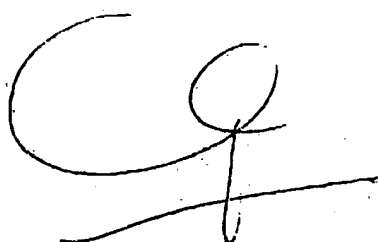
	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12		123,106		1,532
			123,106		1,532
Current assets					
Debtors: amounts falling due within one year	14	5,261,395		5,041,836	
Cash at bank and in hand	15	636,291		299,244	
		5,897,686		5,341,080	
Creditors: amounts falling due within one year		(5,584,776)		(4,906,932)	
Net current assets			312,910		434,148
Total assets less current liabilities			436,016		435,680
Net assets			436,016		435,680
Capital and reserves					
Called up share capital	18		430,000		430,000
Profit and loss account			6,016		5,680
			436,016		435,680

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 August 2017.

Mr A J Koedijk

Director

The notes on pages 12 to 25 form part of these financial statements.



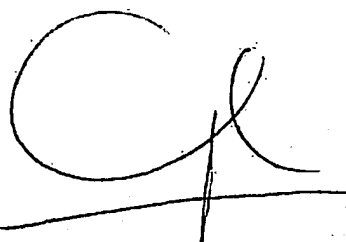
HSO UK HOLDING LIMITED
REGISTERED NUMBER:09908607

COMPANY BALANCE SHEET
As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Investments	13		430,002		-
			<u>430,002</u>		<u>-</u>
Current assets					
Cash at bank and in hand	15	94		-	
		<u>94</u>		<u>-</u>	
Creditors: amounts falling due within one year		(6,502)		-	
		<u>(6,502)</u>		<u>-</u>	
Net current (liabilities)/assets			<u>(6,408)</u>		<u>-</u>
Net assets			<u>423,594</u>		<u>-</u>
Capital and reserves					
Called up share capital	18		430,000		-
Loss/(profit) for the period		(6,406)		-	
		<u>(6,406)</u>		<u>-</u>	
Profit and loss account carried forward			<u>(6,406)</u>		<u>-</u>
			<u>423,594</u>		<u>-</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 August 2017.

Mr A J Koedijk
Director



HSO UK HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period Ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
(Loss)/profit for the financial period	336	567,917
Adjustments for:		
Depreciation of tangible assets	31,539	6,666
Interest paid	(12,518)	2,738
Taxation charge	(300,480)	144,176
Decrease/(increase) in debtors	254,372	(2,322,446)
(Increase) in amounts owed by groups	(181,821)	(280,685)
Increase in creditors	320,958	1,438,876
Increase in amounts owed to groups	365,257	532,580
Net cash generated from operating activities	477,643	89,822
Cash flows from investing activities		
Purchase of tangible fixed assets	(153,114)	-
Net cash from investing activities	(153,114)	-
Cash flows from financing activities		
Interest paid	12,518	(2,738)
Net cash used in financing activities	12,518	(2,738)
Net increase in cash and cash equivalents	337,047	87,084
Cash and cash equivalents at beginning of period	299,244	212,160
Cash and cash equivalents at the end of period	636,291	299,244
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	636,291	299,244
	636,291	299,244

HSO UK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Period Ended 31 December 2016

1. General information

HSO UK Holding Limited is an entity incorporated in England and Wales. The registered office is 1st Floor, Enterprise Point, Altrincham Road, Manchester, M22 9AF.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

As a result of the Group reconstruction taking place at the start of 2016, merger accounting has been used in accordance with FRS 102. The Group reconstruction took place on 10 December 2015 and involved the grouping of HSO UK Holding Limited, HSO Customer Service Limited, HSO Enterprise Solutions Limited and HSO CRM Solutions Limited.

2.3 Going concern

The Group has adequate financial resources along with a diverse spread of customers and suppliers. There is no over reliance on any single customer. The director has prepared forecasts for the Group. The director believes that the group is well placed to manage its business risks successfully despite the current uncertain economic environment. Thus, he continues to adopt the going concern basis of accounting in preparing the annual financial statements

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016

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 Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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 Group 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.

2.5 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 Tangible fixed assets

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.

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016

2. Accounting policies (continued)**2.6 Tangible fixed assets (continued)**

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:

Office equipment	- 20% per annum
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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 Consolidated statement of income and retained earnings.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

The Group only enters into basic financial instruments 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 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.

HSO UK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Period Ended 31 December 2016

2. Accounting policies (continued)**2.10 Financial instruments (continued)**

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 Consolidated statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 Group would receive for the asset if it were to be sold at the balance sheet date.

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.

2.11 Creditors

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 Great British Pound (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 Consolidated statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

HSO UK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Period Ended 31 December 2016

2. Accounting policies (continued)**2.13 Finance costs**

Finance costs are charged to the Consolidated statement of income and retained earnings 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.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of income and retained earnings 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.

2.15 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated statement of income and retained earnings in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
2. Accounting policies (continued)**2.17 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated statement of income and retained earnings, 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

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

In the process of applying the Group's accounting policies, which are described above, management has made some judgments that have significant effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The main areas of judgment are in relation to debtor provisions, bonus provisions and fixed asset depreciation.

4. Turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	13,705,737	11,447,391
Rest of Europe	664,972	586,927
Rest of the world	130,424	17,745
	14,501,133	12,052,063

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
5. Operating (loss)/profit

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

	2016 £	2015 £
Depreciation of tangible fixed assets	31,540	6,666
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	15,200	9,500
Exchange differences	156,247	(30,602)
Other operating lease rentals	209,334	206,405
Defined contribution pension cost	179,410	97,883
	<u>179,410</u>	<u>97,883</u>

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	15,200	9,500
Fees payable to the Group's auditor and its associates in respect of:		
All other services	17,700	22,243
	<u>17,700</u>	<u>22,243</u>

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
7. Employees

Staff costs, including director's remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	7,254,653	5,452,622
Social security costs	888,489	645,015
Cost of defined contribution scheme	179,410	97,883
	<u>8,322,552</u>	<u>6,195,520</u>

The average monthly number of employees, including the director, during the period was as follows:

	2016 No.	2015 No.
Director	1	1
Sales and administrative staff	124	97
	<u>125</u>	<u>98</u>

8. Director's remuneration

	2016 £	2015 £
Director's emoluments	335,805	325,155
Company contributions to defined contribution pension schemes	2,855	1,098
	<u>338,660</u>	<u>326,253</u>

9. Interest payable and similar charges

	2016 £	2015 £
Other interest payable	(12,518)	2,738
	<u>(12,518)</u>	<u>2,738</u>

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	-	8,400
Adjustments in respect of previous periods	(258,634)	949
	<u>(258,634)</u>	<u>9,349</u>
Total current tax	<u>(258,634)</u>	<u>9,349</u>
Deferred tax		
Origination and reversal of timing differences	(31,435)	134,827
Adjustments in respect of previous periods	(11,131)	-
Effect of tax rate change on opening balance	720	-
Total deferred tax	<u>(41,846)</u>	<u>134,827</u>
Taxation on (loss)/profit on ordinary activities	<u>(300,480)</u>	<u>144,176</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2015 -lower than) the standard rate of corporation tax in the UK of 20% (2015 -20.25%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(300,144)</u>	<u>712,093</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.25%)	(60,029)	144,199
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23,013	-
Adjustments to tax charge in respect of prior periods	(269,765)	949
Other permanent differences	34	-
Adjust opening deferred tax to average rate	(1,441)	-
Adjust closing deferred tax to average rate	7,708	-
Other differences leading to an increase/(decrease) in the tax charge	-	(927)
Marginal relief	-	(45)
Total tax charge for the period/year	<u>(300,480)</u>	<u>144,176</u>

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
10. Taxation (continued)**Factors that may affect future tax charges**

The group has unutilised trading losses carried forward amounting to £218,375.

11. Intangible assets**Group and Company**

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2016	331,154	25,626	356,780
At 31 December 2016	331,154	25,626	356,780
Amortisation			
At 1 January 2016	331,154	25,626	356,780
At 31 December 2016	331,154	25,626	356,780
Net book value			
At 31 December 2016	-	-	-
<i>At 31 December 2015</i>	-	-	-

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
12. Tangible fixed assets**Group**

	Office equipment £
Cost	
At 1 January 2016	44,832
Additions	153,114
At 31 December 2016	<u>197,946</u>
Depreciation	
At 1 January 2016	43,300
Charge for the period on owned assets	31,540
At 31 December 2016	<u>74,840</u>
Net book value	
At 31 December 2016	<u>123,106</u>
At 31 December 2015	<u>1,532</u>

13. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
Additions	430,002
At 31 December 2016	<u>430,002</u>
Net book value	
At 31 December 2016	<u>430,002</u>
At 31 December 2015	<u>-</u>

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
14. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	3,520,633	4,042,569	-	-
Amounts owed by related undertakings	521,704	339,883	-	-
Other debtors	484,637	2,994	-	-
Prepayments and accrued income	690,741	654,556	-	-
Deferred taxation	43,680	1,834	-	-
	5,261,395	5,041,836	-	-

15. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	636,291	299,244	94	-
	636,291	299,244	94	-

16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	952,535	487,768	-	-
Amounts owed to related undertakings	1,760,476	1,395,219	-	-
Corporation tax	-	8,370	-	-
Other taxation and social security	912,952	1,019,275	-	-
Other creditors	477,577	795,718	102	-
Accruals and deferred income	1,481,236	1,200,582	6,400	-
	5,584,776	4,906,932	6,502	-

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
17. Deferred taxation**Group**

	2016	2015
	£	£
At beginning of year	1,834	136,661
Charged to profit or loss	41,846	(134,827)
At end of year	43,680	1,834

The deferred tax asset is made up as follows:

	Group	Group
	2016	2015
	£	£
Accelerated capital allowances	(13,113)	1,834
Tax losses carried forward	47,637	-
Short term timing differences	9,156	-
	43,680	1,834

18. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
430,000 Ordinary shares shares of £1 each	430,000	430,000

19. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge of £179,410 (2015 - £97,883) represents contributions payable by the Company to the fund. At the year end a balance of £9,036 (2015 - £11,720) was owed to the pension scheme.

HSO UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2016
20. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Land and buildings		
Not later than 1 year	54,276	28,992
Later than 1 year and not later than 5 years	67,621	67,621
	121,897	96,613
	Group 2016 £	Group 2015 £
Other		
Not later than 1 year	18,604	4,045
Later than 1 year and not later than 5 years	40,399	3,034
	59,003	7,079

The Company had no commitments under non-cancellable operating leases at the balance sheet date.

21. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with wholly owned group companies on the grounds that the voting rights are controlled by the group and the subsidiaries are included in the ultimate parent company consolidated financial statements.

22. Controlling party

The ultimate parent undertaking is Globix AG, a company registered in Switzerland.

The ultimate controlling party is deemed to be Mr P J ter Maaten.