

Registered number: 02781951

1HQ LIMITED

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



1HQ LIMITED

COMPANY INFORMATION

Directors

M Artus
P A Burrows
C M Hille
J R Sandom
C D Skinner (resigned 31 March 2018)
R E Hester (appointed 19 July 2018)

Company secretary

Ceuta Secretaries Limited

Registered number

02781951

Registered office

Hill House
41 Richmond Hill
Bournemouth
Dorset
BH2 6HS

1HQ LIMITED

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1HQ LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The directors present their strategic report for year ended 31 March 2018.

Business review

The Company's principal activities during the year continued to be the provision of brand strategy and design services to clients predominantly in the fast moving consumer goods (FMCG) market. As the retail market adapts to a more integrated digital world, building teams to manage this strategically and creatively has been and continues to be a key initiative. It is an imperative that we continue to mirror the requirements of our clients and the market to remain 'fleet of foot', competitive and highly innovative.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainty is the retail market and the how our clients respond to the changing strategies of the key retailers as well as consumers and shoppers. The directors consider that these risks have been mitigated by their diverse customer portfolio which covers a wide range of consumer sectors.

Financial key performance indicators

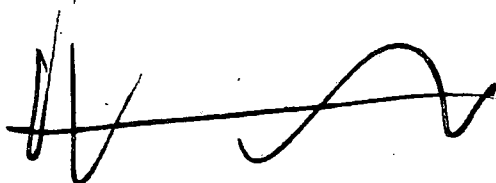
The directors consider the results for the year to be positive. Despite the challenging conditions for our client base in the UK market, the Company secured some significant new customers which has seen positive growth for the Company.

The key financial metrics and performance indicators during the year were as follows:

	2018 £000	2017 £000
Turnover	8,389	6,411
Gross Profit	6,680	5,344
Profit before Tax	1,760	1,215
Equity Shareholders Funds	3,993	2,572
Gross Profit %	80%	83%
Profit Before Tax %	21%	19%
Debtor Days	86 days	75 days
Creditor Days	30 days	14 days

This report was approved by the board on 6 December 2018 and signed on its behalf.

M Artus
Director



1HQ LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year, after taxation, amounted to £1,421,000 (2017 - £965,000).

The directors do not recommend the payment of a dividend (2017 - £Nil).

Directors

The directors who served during the year were:

M Artus
P A Burrows
C M Hille
J R Sandom
C D Skinner (resigned 31 March 2018)

Political contributions

The Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period (2017: Nil).

Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

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 directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

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

Going Concern

Having reviewed the forecasts and expected future cash flows of the business, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1HQ LIMITED

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

Auditor

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

This report was approved by the board on 6 December 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'M Artus', written over a horizontal line.

M Artus
Director

1HQ LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

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;
- assess the company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

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 responsible such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

1HQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 1HQ LIMITED

Opinion

We have audited the financial statements of 1HQ Limited ("the company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

1HQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 1HQ LIMITED

Directors' responsibilities

As explained more fully in their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

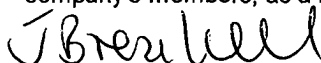
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Julie Breakell (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants & Statutory Auditor

Gateway House

Tollgate

Eastleigh

SO53 3TG

12 December 2018

1HQ LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £000	2017 £000
Turnover	4	8,389	6,411
Cost of sales		(1,709)	(1,067)
Gross profit		6,680	5,344
Administrative expenses		(4,946)	(4,117)
Restructuring cost		-	(18)
Operating profit	5	1,734	1,209
Interest receivable and similar income	9	26	6
Profit before tax		1,760	1,215
Tax on profit	10	(339)	(250)
Profit for the financial year		1,421	965

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

There was no other comprehensive income for 2018 (2017:£000).

The notes on pages 10 to 26 form part of these financial statements.

1HQ LIMITED
REGISTERED NUMBER:02781951

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	12		42		9
Tangible assets	13		140		63
			<u>182</u>		<u>72</u>
Current assets					
Debtors: amounts falling due within one year	15	4,883		4,386	
Cash at bank and in hand		1,253		296	
		<u>6,136</u>		<u>4,682</u>	
Creditors: amounts falling due within one year	16	(2,325)		(2,182)	
Net current assets			<u>3,811</u>		<u>2,500</u>
Total assets less current liabilities			<u>3,993</u>		<u>2,572</u>
Net assets			<u><u>3,993</u></u>		<u><u>2,572</u></u>
Capital and reserves					
Called up share capital	18		17		17
Capital redemption reserve			6		6
Profit and loss account			3,970		2,549
			<u>3,993</u>		<u>2,572</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 December 2018.



M Artus
Director

The notes on pages 10 to 26 form part of these financial statements.

1HQ LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2016	17	6	1,584	1,607
Comprehensive income for the year				
Profit for the year	-	-	965	965
At 1 April 2017	17	6	2,549	2,572
Profit for the year	-	-	1,421	1,421
At 31 March 2018	17	6	3,970	3,993

The notes on pages 10 to 26 form part of these financial statements.

1HQ LIMITED

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

1. General information

1HQ Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom.

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.

Under Section 400 of the Companies Act 2006 the Company has taken exemption from preparing group financial statements. The Company's immediate parent undertaking includes the Company and its subsidiaries in its consolidated financial statements.

The amendments to FRS 102 issued in July 2015 have been applied.

The presentation currency of these financial statements is sterling.

Unless stated otherwise all amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Ceuta Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Ceuta Holdings Limited are prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and are available to the public and may be obtained from Hill House, 41 Richmond Hill, Bournemouth, Dorset, BH2 6HS. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

2.2 Going concern

Having reviewed the forecasts and expected future cash flows of the business, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1HQ LIMITED

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

2. Accounting policies (continued)

2.3 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, net of discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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.

2.4 Intangible assets

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

The estimated useful lives range as follows:

Development expenditure	3 years
-------------------------	---------

2.5 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.

1HQ LIMITED

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

2. Accounting policies (continued)

2.5 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:

Fixtures and fittings	-	20% to 50% straight line
Office equipment	-	20% to 50% 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.

2.6 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 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.

2.8 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.

2.9 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

1HQ LIMITED

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

2. Accounting policies (continued)

2.9 Financial instruments (continued)

cost.

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 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.

2.10 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.

2.11 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 April 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1HQ LIMITED

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

2. Accounting policies (continued)

2.12 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.14 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 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.

1HQ LIMITED

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

2. Accounting policies (continued)

2.15 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 balance sheet 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 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; 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 balance sheet date.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1HQ LIMITED

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

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

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

Revenue

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.

Intangible assets

The Company establishes a reliable estimate of the useful life of intangible assets arising on capitalisation of costs. This estimate is based on a variety of factors such as the expected use of the assets.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

Bad debt provision

The Company establishes provisions based on reasonable estimates regarding the likelihood of non-payment by clients. Management estimation is required in deciding to make such provisions and these decisions are based on various factors, such as the age of debts, the Company's previous experience of bad debts, the level of communication with the client and the client's solvency. The amount of such provisions is based on the specific debts due by an individual client and the anticipated likelihood of non-payment.

1HQ LIMITED

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

4. Turnover

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	5,689	2,934
Rest of Europe	2,337	2,703
Rest of the world	363	774
	<u>8,389</u>	<u>6,411</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	56	24
Amortisation of Intangible assets, including goodwill	16	8
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12	12
Auditors' remuneration - tax compliance services	5	5
Exchange differences	132	(68)
Defined contribution pension cost	26	22
	<u>267</u>	<u>131</u>

6. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12	12
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	5	5

1HQ LIMITED

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

7. Employees

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

	2018 £000	2017 £000
Wages and salaries	3,113	2,904
Social security costs	415	319
Cost of defined contribution scheme	26	22
	<u>3,554</u>	<u>3,245</u>

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

	2018 No.	2017 No.
Employees	<u>55</u>	<u>51</u>

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	180	181
	<u>180</u>	<u>181</u>

The highest paid director received remuneration of £180,000 (2017 - £181,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2017 - £1,000)

Certain Directors are remunerated through other Group companies. Their services to 1HQ Limited are considered incidental to their wider role in the Ceuta Group and therefore their remuneration has not been split out.

1HQ LIMITED

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

9. Interest receivable

	2018	2017
	£000	£000
Interest receivable from group companies	25	5
Other interest receivable	1	1
	<u>26</u>	<u>6</u>

The loan on which interest accrues is between 1HQ Limited and Ceuta Holdings Limited. Interest is charged at a rate of 4% above base rate and the loan is repayable on demand.

10. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profits for the year	342	252
	<u>342</u>	<u>252</u>
Total current tax	<u>342</u>	<u>252</u>
Deferred tax		
Origination and reversal of timing differences	(3)	(2)
Total deferred tax	<u>(3)</u>	<u>(2)</u>
Taxation on profit on ordinary activities	<u>339</u>	<u>250</u>

1HQ LIMITED

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

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	1,760	1,215
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	334	243
Effects of:		
Expenses not deductible for tax purposes	5	6
Depreciation in for year in excess of capital allowances	3	3
Movements in deferred tax provision	(3)	(2)
Total tax charge for the year	339	250

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017), followed by a reduction to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax assets and liabilities at 31 March 2018 have been calculated based on these rates.

11. One Off items

	2018 £000	2017 £000
Restructuring costs	-	18
	-	18

1HQ LIMITED

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

12. Intangible assets

	Develop- ment £000
Cost	
At 1 April 2017	26
Additions	49
At 31 March 2018	<u>75</u>
Amortisation	
At 1 April 2017	17
Charge for the year	16
At 31 March 2018	<u>33</u>
Net book value	
At 31 March 2018	<u>42</u>
At 31 March 2017	<u>9</u>

1HQ LIMITED

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

13. Tangible fixed assets

	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation			
At 1 April 2017	87	554	641
Additions	-	134	134
Disposals	-	(7)	(7)
At 31 March 2018	<u>87</u>	<u>681</u>	<u>768</u>
Depreciation			
At 1 April 2017	78	500	578
Charge for the year on owned assets	2	54	56
Disposals	-	(6)	(6)
At 31 March 2018	<u>80</u>	<u>548</u>	<u>628</u>
Net book value			
At 31 March 2018	<u>7</u>	<u>133</u>	<u>140</u>
At 31 March 2017	<u>9</u>	<u>54</u>	<u>63</u>

1HQ LIMITED

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

14. Fixed asset investments

The company holds 100% of the ordinary share capital in Vibrandt Limited (formerly Impactt Limited), a dormant company incorporated in the United Kingdom, whose registered address is 41 Richmond Hill, Bournemouth, England, BH2 6HS. There is a carrying value in respect of Vibrandt Limited of £100 in the Company's accounts.

The Company has a wholly owned subsidiary based in the USA, 1HQ USA LLC, whose registered address is 1140 Broadway, Suite 1205 (12th Floor), New York, NY 1001. The incorporation did not require any share capital and therefore there is no carrying value for this investment in the Company's accounts.

The Company owns 70% of the ordinary share capital in Collidascope Limited, a dormant company incorporated in the United Kingdom, whose registered address is 41 Richmond Hill, Bournemouth, England, BH2 6HS. There is a carrying value in respect of Collidascope Limited of £70 in the Company's accounts.

On 26 February 2018 the Company incorporated a wholly owned subsidiary in The Netherlands, 1HQ (NL) BV, whose registered address is at Stationsplein 45, 4th Floor CIC Innovation Centre, 3013AK, Rotterdam. There is no carrying value for this investment in the Company's accounts.

15. Debtors

	2018 £000	2017 £000
Trade debtors	1,975	1,312
Amounts owed by related parties	1,908	2,348
Other debtors	843	572
Tax recoverable	150	150
Deferred taxation	7	4
	<u>4,883</u>	<u>4,386</u>

1HQ LIMITED

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

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	142	195
Amounts owed to related parties	28	423
Corporation tax	340	309
Other taxation and social security	474	172
Other creditors	1,341	1,083
	<u>2,325</u>	<u>2,182</u>

17. Deferred taxation

	31st March 2017 £000	31st March 2016 £000
At beginning of year	4	2
Credited to profit and loss	3	2
At end of year	<u>7</u>	<u>4</u>

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	7	4
	<u>7</u>	<u>4</u>

18. Share capital

	2018 £	2017 £
Authorised		
10,000 Ordinary A shares of £1 each	10,000	10,000
18,000 Ordinary B shares of £1 each	18,000	18,000
2,000 Ordinary C shares of £1 each	2,000	2,000
4,000 Ordinary D shares of £1 each	4,000	4,000
	<u>34,000</u>	<u>34,000</u>

1HQ LIMITED

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

18. Share capital (continued)

Allotted, called up and fully paid

7,900 Ordinary A shares of £1 each	7,900	7,900
3,813 Ordinary B shares of £1 each	3,813	3,813
2,000 Ordinary C shares of £1 each	2,000	2,000
3,653 Ordinary D shares of £1 each	3,653	3,653
	<hr/>	<hr/>
	17,366	17,366
	<hr/>	<hr/>

19. Pension commitments

Defined contribution plans

The Company operates two pension plans, a defined contribution pension plan through the National Employment Savings Trust (NEST) following auto-enrolment or contributions to employees own pension plans where the Company contribute the National Insurance savings.

The assets of these schemes are held separately from those of the company in an independently administered fund.

The total expense relating to this plan in the current period was £26,000 (2017: £22,000). Contributions amounting to £3,000 (2017 - £1,000) were payable to the fund and are included in creditors.

20. Commitments under operating leases

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

	2018 £000	2017 £000
Within 1 year	180	180
Later than 1 year and not later than 5 years	720	720
Later than 5 years	210	390
	<hr/>	<hr/>
	1,110	1,290
	<hr/>	<hr/>

1HQ LIMITED

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

21. Related party transactions

	Sales to		Administrative expenses from	
	2018 £000	2017 £000	2018 £000	2017 £000
Atomic Live Limited	5	31	-	-
Brandshapers Limited	17	-	-	-
Bridgethorpe Limited	37	5	17	3
Ceuta Healthcare Limited	26	162	16	34
Ceuta Holdings Limited	179	10	427	123
Orchid Field Marketing Limited	6	15	6	9

	Amounts owed by related parties		Amounts owed to related parties	
	2018 £000	2017 £000	2018 £000	2017 £000
Atomic Live Limited	1	18	-	-
Bridgethorpe Limited	10	-	-	-
Ceuta Healthcare Limited	14	12	-	5
Ceuta Holdings Limited	892	51	28	46
Orchid Field Marketing Limited	-	10	-	-

The Company is controlled by Ceuta Holdings Limited. During the previous year, the company advanced a loan to Ceuta Holdings Limited. Interest was charged in the year of £25,000 (2017 : £5,000).

Atomic Live Limited, Bridgethorpe Limited, Ceuta Healthcare Limited and Orchid Field Marketing Limited are related through common control held by the ultimate parent company, Ceuta Holdings Limited.

The table above does not disclose transactions with wholly owned subsidiaries of 1HQ Limited, as permitted by FRS 102 disclosure exemption paragraph 33.1a.

During the year, the company paid rental income amounting to £180,000 (2017 : £180,000) to a pension scheme whose beneficiaries include J Sandom and H Leeson.

22. Controlling party

The company is a subsidiary of Ceuta Holdings Limited, incorporated in England and Wales, which is the ultimate parent company by virtue of its 70% shareholding.

The largest and smallest group in which the results of the company are consolidated is that headed by Ceuta Holdings Limited, incorporated in Great Britain. The consolidated accounts of this company are available to the public and can be obtained from Hill House, 41 Richmond Hill, Bournemouth, Dorset, BN2 6HS. No other group accounts include the results of the company.