
1HQ LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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1HQ LIMITED

COMPANY INFORMATION

Directors

M B Artus
R E Hester (resigned 14 March 2023)
C M Hille
J R Sandom
M B Yates (appointed 20 October 2022)
C D Skinner (appointed 3 May 2023)

Company secretary

Ceuta Holdings Limited

Registered number

02781951

Registered office

Hill House
41 Richmond Hill
Bournemouth
Dorset
BH2 6HS

1HQ LIMITED

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1HQ LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Results and dividends

The loss for the year, after taxation, amounted to £68,000 (2021 - profit £120,000).

The directors do not recommend the payment of a dividend (2021 - £Nil).

Directors

The directors who served during the year or were directors up until the financial statements were approved:

M B Artus
R E Hester (resigned 14 March 2023)
C M Hille
J R Sandom
M B Yates (appointed 20 October 2022)
C D Skinner (appointed 3 May 2023)

Political contributions

The Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period (2021: £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 director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

1HQ LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Post balance sheet events

Ceuta Group runs a combined Treasury operation and after the balance sheet date a loan of £500,000 was made to Ceuta Holdings Ltd. There have been no other significant events affecting the Company since the year end.

Going Concern

Notwithstanding net current assets of £4,647,000 as at 31 March 2022, a loss for the year then ended of £68,000 and net cash increased by £271,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through its access to group wide funding arrangements from its ultimate parent company, Ceuta Holdings Limited, to meet its liabilities as they fall due during the going concern assessment period.

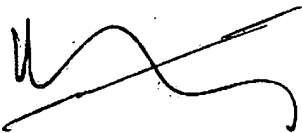
That assessment is dependent on Ceuta Holdings Limited providing additional financial support during the going concern assessment period in the event of reasonably possible downsides. Ceuta Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 9 June 2023 and signed on its behalf by



M B Artus
Director

9th June 2023

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use 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.

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 for 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 MEMBERS OF 1HQ LIMITED

Qualified opinion

We have audited the financial statements of 1HQ Limited ("the Company") for the year ended 31 March 2022 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, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss 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 qualified 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.

Turnover comprises of the provision of services which are recognised as those services are delivered to the customer. Other than recording the cash receipt from customers after the delivery of services, there was no system of control over measuring the stage of completion of such sales on which we could rely for the purpose of our audit and there were no other satisfactory audit procedures that we could adopt to confirm that turnover was recorded in the correct financial year. There was £2,003,398 of turnover recognised in the year ended 31 March 2022 related to such sales to customers where cash had not been received ahead of the financial year end. Any adjustments would have a consequential effect on the company's turnover and profit or loss for the year and accrued revenues and trade receivables in the balance sheet as at 31 March 2022.

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1H Q LIMITED (CONTINUED)

cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner and the forensic professional.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that Revenue from the provision of services over a period of time to customer is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash entries made to unexpected accounts.
- Evaluated whether revenue recognised up to the period end has been recorded in the correct period based on the contractual terms, evidence of the delivery of services or other persuasive evidence that revenue recognition criteria had been met.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and others management (as required by auditing standards), and from inspection of the Company's regulatory and legal

1HQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1HQ LIMITED (CONTINUED)

correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

The Qualified opinion, Directors' report, and Matters on which we are required to report by exception sections of our report explain the implications of the matter described in the Basis for qualified opinion on compliance with the requirements of the Companies Act 2006.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

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

Our responsibility is to read 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:

- except for the possible consequential effects of the matter described in the *Basis for qualified opinion* section of our report on the related disclosures in the directors' report:
 - we have not identified material misstatements in that report; and

1HQ LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1HQ LIMITED (CONTINUED)

- in our opinion that report has been prepared in accordance with the Companies Act 2006; and
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to turnover where cash has not been collected during the year, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- in our opinion adequate accounting records have not been kept.

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:

- 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.

Directors' responsibilities

As explained more fully in their statement set out 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; 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.



Vivek Kohli (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Date: 14 June 2023

Gateway House
Tollgate
Chandler's Ford
Eastleigh, SO53 3TG

1HQ LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £000
Turnover	4	6,258	6,383
Cost of sales		(4,906)	(4,239)
Gross profit		1,352	2,144
Administrative expenses		(1,449)	(1,777)
Other operating income	5	-	17
Operating (loss)/profit	6	(97)	384
Interest receivable and similar income	10	5	2
(Loss)/profit before tax		(92)	386
Tax on (loss)/profit	11	24	(266)
(Loss)/profit for the financial year		(68)	120

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021- £NIL).

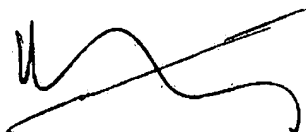
The notes on pages 11 to 27 form part of these financial statements.

1HQ LIMITED
REGISTERED NUMBER:02781951

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	12		30		32
Tangible assets	13		125		156
Investments	14		29		29
			184		217
Current assets					
Debtors: amounts falling due within one year	15	4,120		5,166	
Cash at bank and in hand	16	1,329		1,058	
		5,449		6,224	
Creditors: amounts falling due within one year	17	(802)		(1,542)	
Net current assets			4,647		4,682
Total assets less current liabilities			4,831		4,899
Net assets			4,831		4,899
Capital and reserves					
Called up share capital	19		17		17
Capital redemption reserve			6		6
Profit and loss account			4,808		4,876
			4,831		4,899

The financial statements were approved and authorized for issue by the board and were signed on its behalf on 9th June 2023 by



M B Artus
Director

9th June 2023

The notes on pages 11 to 27 form part of these financial statements.

1HQ LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2020	17	6	4,756	4,779
Comprehensive income for the year				
Profit for the year	-	-	120	120
Total comprehensive income for the year	-	-	120	120
Total transactions with owners	-	-	-	-
At 1 April 2021	17	6	4,876	4,899
Comprehensive income for the year				
Loss for the year	-	-	(68)	(68)
Total comprehensive income for the year	-	-	(68)	(68)
Total transactions with owners	-	-	-	-
At 31 March 2022	17	6	4,808	4,831

The notes on pages 11 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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.

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 ultimate parent undertaking, Ceuta Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Ceuta Holdings Limited 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 FRS102 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.2 Going concern

Notwithstanding net current assets of £4,647,000 as at 31 March 2022, a loss for the year then ended of £68,000 and net cash increased by £271,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through its access to group wide funding arrangements from its ultimate parent company, Ceuta Holdings Limited, to meet its liabilities as they fall due during the going concern assessment period.

That assessment is dependent on Ceuta Holdings Limited providing additional financial support during the going concern assessment period in the event of reasonably possible downsides. Ceuta Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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:

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.

The stage of completion is typically measured with reference to the completion of a physical proportion of the contract work or the completion of a proportion of the service contract. Where services are performed by an indeterminate number of acts over a specified period of time, the Company recognises revenue on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

2.5 Labour costs

Labour costs incurred that are directly attributable to revenue streams are recorded in Cost of Sales.

Management and Admin staff are recorded in Administrative Expenses.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.7 Government Grants

Grants are accounted for under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.9 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 profit or loss 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.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 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
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2.12 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.

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 profit or loss.

2.13 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.

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.15 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.

2.16 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 profit or loss 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.

2.17 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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.

Judgement is required when determining the stage of completion of a contract with customer. Further detail on the method of applying this judgement is included in note 2.4.

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.

4. Turnover

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	4,580	4,035
Rest of Europe	1,500	1,868
Rest of the world	178	480
	6,258	6,383

1HQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Other operating income

	2022 £000	2021 £000
Government grants receivable	-	17
	<u>-</u>	<u>17</u>

During the prior year the Company utilised the Governments' Covid Job Retention Scheme. There are no unfulfilled conditions or contingencies attached to this grant.

The Company has not benefitted from any other source of government income in the year.

6. Operating (loss)/profit

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

	2022 £000	2021 £000
Exchange differences	11	236
	<u>11</u>	<u>236</u>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	39	31

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

1HQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Employees

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

	2022 £000	2021 £000
Wages and salaries	3,435	3,171
Social security costs	430	385
Cost of defined contribution scheme	60	50
	<u>3,925</u>	<u>3,606</u>

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

	2022 No.	2021 No.
Employees	<u>54</u>	<u>48</u>

9. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	207	172
Company contributions to defined contribution pension schemes	1	1
	<u>208</u>	<u>173</u>

During the year retirement benefits were accruing to 1 director (2021 – 0) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £207,000 (2021 - £172,000).

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 (2021 - £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 2022

10. Interest receivable

	2022 £000	2021 £000
Other interest receivable	5	2
	<u>5</u>	<u>2</u>

Other interest receivable reflects interest received from group companies in respect of a loan advanced by 1HQ Limited to Ceuta Holdings Limited. Interest is charged at a rate of 4% above base.

11. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	(17)	89
Adjustments in respect of previous periods	(9)	165
	<u>(26)</u>	<u>254</u>
Total current tax	<u>(26)</u>	<u>254</u>
Deferred tax		
Origination and reversal of timing differences	2	12
Total deferred tax	<u>2</u>	<u>12</u>
Taxation on profit on ordinary activities	<u>(24)</u>	<u>266</u>

1HQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
(Loss)/profit on ordinary activities before tax	(92)	386
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(17)	73
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	16
Capital allowances for year in excess of depreciation	(1)	-
Adjustments to tax charge in respect of prior periods	(9)	165
Movement in deferred tax provision	2	12
Total tax charge for the year	(24)	266

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

1HQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Intangible assets

	Development £000
Cost	
At 1 April 2021	135
Additions	17
At 31 March 2022	<u>152</u>
Amortisation	
At 1 April 2021	103
Charge for the year on owned assets	19
At 31 March 2022	<u>122</u>
Net book value	
At 31 March 2022	<u><u>30</u></u>
At 31 March 2021	<u><u>32</u></u>

1HQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Tangible fixed assets

	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation			
At 1 April 2021	90	903	993
Additions	-	52	52
At 31 March 2022	90	955	1,045
Depreciation			
At 1 April 2021	89	748	837
Charge for the year on owned assets	1	82	83
At 31 March 2022	90	830	920
Net book value			
At 31 March 2022	-	125	125
At 31 March 2021	1	155	156

1HQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2021	29
At 31 March 2022	<u>29</u>

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 31 W. 34th Street, New York, NY. 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.

The Company has a wholly owned subsidiary based in The Netherlands, 1HQ (NL) BV. The company's registered address is at Prisengracht 769, 1017JZ Amsterdam, Netherlands. There is no carrying value for this investment in the Company's accounts.

The Company also has a wholly owned subsidiary in Singapore, 1HQ Singapore PTE Ltd, whose registered office is at 16 Raffles Quay, #33-03 Hong Leong Building, Singapore (048581). There is a carrying value of £28,822 in the Company's accounts

15. Debtors

	2022 £000	2021 £000
Trade debtors	1,678	2,242
Amounts owed by group undertakings	1,924	1,847
Other debtors	118	237
Prepayments and accrued income	400	838
Deferred taxation	-	2
	<u>4,120</u>	<u>5,166</u>

1HQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	1,329	1,058
	1,329	1,058

17. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	288	385
Amounts owed to group undertakings	-	46
Corporation tax	-	-
Other taxation and social security	243	182
Other creditors	15	429
Accruals and deferred income	256	500
	802	1,542

18. Deferred taxation

	2022	2021
	£000	£000
At beginning of year	2	14
Credited to profit and loss	(2)	(12)
At end of year	-	2

The deferred tax asset is made up as follows:

	2022	2021
	£000	£000
Tax losses carried forward	-	2
	-	2

1HQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Share capital

	2022 £	2021 £
Authorised		
10,000 (2021 - 10,000) Ordinary A shares of £1 each	10,000	10,000
18,000 (2021 - 18,000) Ordinary B shares of £1 each	18,000	18,000
2,000 (2021 - 2,000) Ordinary C shares of £1 each	2,000	2,000
4,000 (2021 - 4,000) Ordinary D shares of £1 each	4,000	4,000
	34,000	34,000
Allotted, called up and fully paid		
7,900 (2021 - 7,900) Ordinary A shares of £1 each	7,900	7,900
3,813 (2021 - 3,813) Ordinary B shares of £1 each	3,813	3,813
2,000 (2021 - 2,000) Ordinary C shares of £1 each	2,000	2,000
3,653 (2021 - 3,653) Ordinary D shares of £1 each	3,653	3,653
	17,366	17,366

20. 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 £60,000 (2021 - £50,000). Contributions amounting to £12,000 (2021 - £10,000) were payable to the fund at the balance sheet date and are included in other creditors.

21. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Not later than 1 year	185	185
Later than 1 year and not later than 5 years	25	210
	210	395

1HQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. Related party transactions

	Sales to		Admin Expenses from	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bridgethorne Limited	-	27	1	1
Ceuta Healthcare Limited	146	123	-	-
Ceuta Holdings Limited	72	9	96	294
Click Consult Limited	-	-	89	85
The Creative Leap Limited	-	107	-	-

	Amounts owed by related parties		Amounts owed to related parties	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bridgethorne Limited	-	3	-	-
Ceuta Healthcare Limited	57	35	-	-
Ceuta Holdings Limited	504	-	-	-
Click Consult Limited	-	-	-	17
The Creative Leap Limited	35	8	-	-

The Company is controlled by Ceuta Holdings Limited. All companies detailed in the table above 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 £185,000 (2021 - £185,000) to a pension scheme whose beneficiaries include J Sandom and the partner of a current director.

23. 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.