

Incorp. No. 05033169
INFO - SYSTEM (UK) LTD.
(OC 267)

Annual Report and Financial Statements
31 December 2015



Incorporation No.
05033169

INFO-SYSTEM (UK) LTD

**Annual Report and Financial Statements
31 December 2015**

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Report of the Director

The director presents herewith his report and the audited financial statements of the company for the year ended 31 December 2015.

Principal activity

The Company is engaged in the sale of computer hardware and other related products and services.

Review of business

The level of business and the company's financial position remain satisfactory, and the director expects that the present level of activity will improve over the coming years.

Statement of the Director's Responsibilities

The director is required by the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the director is responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards;
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The director is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Maltese Companies Act, 1995. He is also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Director - continued

Results

The results for the year are as shown in the statement of comprehensive income on page 5.

Dividends

The Director does not recommend the payment of a final net dividend for the financial year ended 31 December 2015 (2014 - Usd 145,159).

Events since the year end

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

Director

The sole director of the company who held office during the year is set out below:-

Mr. Boris Ioffe

In accordance with the company's Articles of Association, the present director remains in office.

Auditor

Mr. Frank Gollcher FIA CPA has expressed his willingness to continue in office and a resolution proposing his reappointment will be put to the Annual General Meeting.

By Order of the Board



Mr. Boris Ioffe

12 A/1, Ix-Xatt ta' Qui-Si-Sana,
Sliema, SLM 3111
Malta.

16 May, 2016.

Independent Auditor's Report

To the Shareholders of Info-System (UK) Ltd

Report on the Financial Statements for the financial year ended 31 December 2015

I have audited the accompanying financial statements of Info-System (UK) Ltd, which comprise the statement of financial position as at 31 December, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Financial Statements

The Director is responsible for the preparation and fair presentation of these financial statements in accordance with General Accounting Principals for Smaller Entities (GAPSE) and the requirements of the Maltese Companies Act, 1995. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report - continued

To the Shareholders of Info-System (UK) Ltd

Opinion

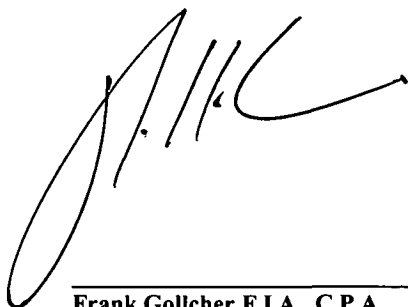
In my opinion the financial statements give a true and fair view of the financial position of Info-System (UK) Ltd as of 31 December, 2015, and of its financial performance and its cash flows for the year then ended in accordance General Accounting Principles for Smaller Entities (GAPSE) and have been properly prepared in accordance with the Maltese Companies Act, 1995.

Report on Other Legal and Regulatory Requirements

I also have responsibilities under the Maltese Companies Act, 1995 to report to you , if in my opinion:

- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches not visited by me.
- The financial statements are not in agreement with the accounting records and returns.
- I have not received all the information and explanations I require for my audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in my report.

I have nothing to report to you in respect of these responsibilities.



Frank Gollcher F.I.A., C.P.A.
Certified Public Accountant

The Rock, Flat 2
Claire E. Engel Street,
St Julians, STJ 1817
Malta.

16 May, 2016.

Statement of Comprehensive Income

	<i>Notes</i>	Year ended 31 December	
		2015	2014
		Usd	Usd
Turnover	2	2,747,122	7,946,085
Cost of sales		(2,584,776)	(6,892,667)
Gross profit		162,346	1,053,418
Administrative expenses	3	(554,587)	(699,738)
Operating (loss)/profit		(392,241)	353,680
Interest payable and similar charges	4	(91,126)	(134,055)
Interest income	5	15,630	7,500
(Loss)/profit for the financial year before taxation		(467,737)	227,125
Taxation	8	-	(81,966)
(Loss)/profit for the financial year		(467,737)	145,159

INFO-SYSTEM (UK) LTD
Annual Report and Financial Statements – 31 December 2015

Statement of Financial Position

	<i>Notes</i>	As at 31 December	
		2015	2014
		Usd	Usd
ASSETS			
Non-current asset			
Tangible assets			
Plant and equipment	7	25,630	40,770
Financial assets			
Investments – Loans and receivables	10	645,000	500,000
		670,630	540,770
Current assets			
Trade and other receivables	11	12,577,448	11,214,923
Cash and cash equivalents	16	605,140	1,967,783
		13,182,588	13,182,706
Total assets		13,853,218	13,723,476
EQUITY			
Capital and reserves			
Called up issued share capital	12	1,000,000	1,000,000
Profit and loss account		(467,737)	-
		532,263	1,000,000
LIABILITIES			
Non-current liabilities			
Interest bearing borrowings	13	5,900,000	5,900,000
Current liabilities			
Trade and other payables	14	7,420,955	6,823,476
Total liabilities		13,320,955	12,723,476
Total equity and liabilities		13,853,218	13,723,476

The Euro/Usd exchange rate ruling as at the reporting date was 1:1.0887 as issued by the European Central Bank.

The financial statements on pages 5 to 17 were authorised for issue and signed by the sole director on 16 May, 2016.



Mr Boris Ioffe
Director

Statement of Changes in Equity

	Called up issued share capital Usd	Profit and loss account Usd	Total Usd
Balance at 1 January 2014	1,000,000	-	1,000,000
Profit for the financial year	-	145,159	145,159
Dividends paid (Note 9)	-	(145,159)	(145,159)
Balance at 31 December 2014	1,000,000	-	1,000,000
Balance at 1 January 2015	1,000,000	-	1,000,000
Loss for the financial year	-	(467,737)	(467,737)
Balance at 31 December 2015	1,000,000	(467,737)	532,263

Statement of Cash Flows

	<i>Notes</i>	Year ended 31 December	
		2015	2014
		Usd	Usd
Operating activities			
Cash (used in)/generated from operations	15	(1,054,200)	8,389,104
Interest payable and similar charges		(91,126)	(134,055)
Interest income		15,630	7,500
Tax paid		(81,966)	(565,420)
Net cash (used in)/generated from operating activities		(1,211,662)	7,697,129
Investing activities			
Purchase of tangible fixed assets		(5,981)	(2,923)
Loans and receivables		(145,000)	-
Net cash used in investing activities		(150,981)	(2,923)
Financing activities			
Dividends paid		-	(145,159)
Third party loan		-	(3,730,000)
Amounts due to parent undertaking		-	(2,854,840)
Net cash used in financing activities		-	(6,729,999)
Movement in cash and cash equivalents		(1,362,643)	964,207
Cash and cash equivalents at beginning of year		1,967,783	1,003,576
Cash and cash equivalents at end of year	16	605,140	1,967,783

Notes to the Financial Statements

1. Principal Accounting Policies

The financial statements are prepared in accordance with the Accountancy Profession (General Accounting Principles for Smaller Entities) Regulations, 2009 and the schedule accompanying and forming an integral part of those regulations (GAPSE) and comply with the Companies Act 1995.

The financial statements are prepared under the historical cost convention.

A summary of the accounting policies, which have been consistently applied, is set out below.

a. Revenue recognition

Sales are recognized upon delivery of products and are reported in the financial statements as turnover. Other revenues earned by the company are recognized on the following basis:

Interest income – as it accrues, unless collectibility is in doubt.

b. Foreign currencies

Foreign currency transactions are translated into the functional currency Usd using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

The financial statements are presented in Usd, which is the company's functional and presentation currency.

c. Plant and equipment

Plant and equipment, comprising motor vehicle, furniture, fixtures and fittings, electrical equipment and broadcasting equipment are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

1. Principal Accounting Policies - continued

c. Plant and equipment - continued

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

Motor vehicle	20%
Furniture, fixtures and fittings	10%
Equipment	25%
Air conditioners	16.67%
Electrical equipment	16.67%
Broadcasting and communication equipment	16.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Accounting policy (d)).

d. Impairment of assets

Assets including goodwill that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

e. Trade receivables

Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the set original terms. Bad debts are written off during the year in which they are identified.

f. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

1. Principal Accounting Policies - continued

g. Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the year. The taxable result for the year differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is determined under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the financial statements and its tax base. Deferred tax liabilities are generally recognised for all taxable temporary differences subject to certain exceptions and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

h. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i. Loans and receivables

The company's loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

j. Share capital and dividends

Ordinary shares are classified as equity.

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2. Turnover

Turnover represents the invoiced value of goods sold, net of discounts allowed.

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3. Expenses by nature

	2015 Usd	2014 Usd
Director's salary	113,060	137,825
Staff costs (Note 6)	149,274	224,939
Audit fee	9,226	10,290
Depreciation (Note 7)	21,121	26,033
Rent	48,335	15,660
Exchange variation	15,795	20,708
Other expenses	197,776	264,283
Total administrative expenses	554,587	699,738

4. Interest payable and simiar charges

	2015 Usd	2014 Usd
Bank interest	1	5
Bank charges	2,625	16,900
Third party long term loan	88,500	117,150
	91,126	134,055

5. Interest income

	2015 Usd	2014 Usd
Third party long term loans	15,630	7,500

6. Staff costs

	2015 Usd	2014 Usd
Wages and salaries	177,066	255,017
Social security costs	8,731	12,815
	185,797	267,832
Amounts charged to a related undertaking	(36,523)	(42,893)
	149,274	224,939

Average number of persons employed by the company during the year:

	2015	2014
Administartion	3	5

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7. Plant and equipment

	Electrical and security equipment	Motor vehicle	Furniture fixtures and fittings	Office equipment	Total
	Usd	Usd	Usd	Usd	Usd
At 1 January 2014					
Cost	43,909	51,821	23,351	102,290	221,371
Accumulated depreciation	(31,604)	(20,728)	(11,619)	(93,540)	(157,491)
Net book amount	12,305	31,093	11,732	8,750	63,880
Year ended 31 December 2014					
Opening net book amount	12,305	31,093	11,732	8,750	63,880
Additions	1,169	-	-	1,754	2,923
Depreciation charge	(5,712)	(10,364)	(2,335)	(7,622)	(26,033)
Closing net book amount	7,762	20,729	9,397	2,882	40,770
At 31 December 2014					
Cost	45,078	51,821	23,351	104,044	224,294
Accumulated depreciation	(37,316)	(31,092)	(13,954)	(101,162)	(183,524)
Closing net book amount	7,762	20,729	9,397	2,882	40,770
Year ended 31 December 2015					
Opening net book amount	7,762	20,729	9,397	2,882	40,770
Additions	-	-	-	5,981	5,981
Depreciation charge	(5,313)	(10,364)	(2,335)	(3,109)	(21,121)
Closing net book amount	2,449	10,365	7,062	5,754	25,630
At 31 December 2015					
Cost	45,078	51,821	23,351	110,025	230,275
Accumulated depreciation	(42,629)	(41,456)	(16,289)	(104,271)	(204,645)
Net book amount	2,449	10,365	7,062	5,754	25,630

INFO-SYSTEM (UK) LTD
Annual Report and Financial Statements – 31 December 2015

8. Taxation

	2015 Usd	2014 Usd
Curent tax : At 35 %	-	81,966

The tax on the company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate of 35% as follows:

	2015 Usd	2014 Usd
(Loss)/profit on ordinary activities before tax	(467,737)	227,125
Tax on ordinary (loss)/profit at 35%	(163,708)	79,494
Permaneant differences arising on tangible fixed assets	2,333	2,472
Unrecognised movement in deferred tax asset	161,375	-
Tax charge	-	81,966

The company has a potential deferred tax asset as at the reporting date, which has not been recognised within the financial statements due to the uncertainty of its realisability and which arose as follows:

	2015 Usd	2014 Usd
Unabsorbed capital allowances carried forward	5,059	-
Unabsorbed tax losses	158,316	-
	163,375	-

9. Dividend paid

	2015 Usd	2014 Usd
Ordinary dividend paid:		
Gross dividend	-	223,321
Tax at source	-	(78,162)
Net dividend	-	145,159
Gross dividend per share	-	0.22
Net dividend per share	-	0.14

INFO-SYSTEM (UK) LTD
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10. Investments – Loans and receivables

	2015 Usd	2014 Usd
Third party loans		
Movements for the year ended 31 December :		
Opening net book amount	500,000	500,000
Additions	145,000	-
Closing net book amount	645,000	500,000
As at 31 December		
Cost and net book amount	645,000	500,000

These loans are partly secured by assets held by the third, carry interest at an average rate of 3.83% per annum and are all to be wholly repaid by 22 December 2018.

11. Trade and other receivables

	2015 Usd	2014 Usd
Trade receivables	12,458,240	11,148,020
Goods in transit	20,219	-
Amounts due from related undertaking	70,321	43,692
Vat recoverable	2,829	6,362
Other receivables	25,839	16,849
	12,577,448	11,214,923

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

The amounts due from the related undertaking are unsecured, interest free and are all wholly repayable on demand.

12. Called up issued share capital

	2015 Usd	2014 Usd
Authorised		
1,000,000 Ordinary shares of Usd 1 each	1,000,000	1,000,000
Issued and fully paid		
1,000,000 Ordinary shares of Usd 1 each	1,000,000	1,000,000

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13. Interest bearing borrowings

	2015 Usd	2014 Usd
Third party loan		
Movements for the year ended 31 December :		
Opening net book amount	5,900,000	9,630,000
Additions	-	-
Repayments	-	(3,730,000)
Closing net book amount	5,900,000	5,900,000
As at 31 December		
Cost and net book amount	5,900,000	5,900,000

This loan is unsecured , carries interest at 1.5% per annum and is to be wholly repaid by 31 December 2020.

14. Trade and other payables

	2015 Usd	2014 Usd
Current		
Trade payables	1,084,918	491,953
Amounts due to parent undertaking	6,006,462	6,006,462
Amounts due to related undertaking	37,380	37,380
Taxation	-	81,966
Accruals	292,195	205,715
	7,420,955	6,823,476

The amounts due to the parent undertaking and the related undertaking are all unsecured, interest fee and are all wholly repayable on demand.

15. Cash (used in)/generated from operations

Reconciliation of operating (loss)/profit to cash (used in)/generated from operations:

	Year ended 31 December	
	2015 Usd	2014 Usd
Operating (loss)/profit	(392,241)	353,680
Adjustment for:		
Depreciation (Note 7)	21,121	26,033
Changes in working capital:		
Trade and other receivables	(1,362,525)	12,641,085
Trade and other payables	679,445	(4,631,694)
Cash (used in)/generated from operations	(1,054,200)	8,389,104

INFO-SYSTEM (UK) LTD
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16. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2015 Usd	2014 Usd
Cash in hand and at bank	605,140	1,967,783

17. Related party transactions

Transactions with related parties were carried out during the normal course of business and solely related to advances. Amounts outstanding, arising from these transactions, as at the reporting date have been separately disclosed within these financial statements as analysed hereunder:

	2015 Usd	2014 Usd
Parent undertaking current account:		
Balance as at beginning of year	6,006,462	8,861,302
Amounts paid during year	-	(2,999,999)
Dividends paid for year	-	145,159
Balance as at end of year	6,006,462	6,006,462
Related undertaking current account:		
Balance as at beginning of year	6,312	(37,380)
Amounts recharged during year	36,523	43,692
Exchange movements	(9,894)	-
Balance as at end of year	32,941	6,312

18. Statutory information

Info-System (UK) Ltd is a company registered in the United Kingdom and has its branch in Malta.

Info-System (UK) Ltd
Supplementary Schedules
for the year ended 31 December 2015

Schedule

Detailed Statement of Comprehensive Income

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Info-System (UK) Ltd
Detailed Statement of Comprehensive Income
For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	Usd	Usd
Turnover	2,747,122	7,946,085
Cost of sales		
Purchases	(2,584,776)	(6,892,667)
Gross profit	162,346	1,053,418
Administrative expenses		
Audit fees	9,226	10,290
Depreciation	21,121	26,033
Motor vehicle running expenses	11,004	25,101
Director's salary	113,060	137,825
Wages and salaries	149,274	224,939
Marketing expenses	32,837	-
Travel and entertainment	32,711	46,890
Telecommunication expenses	18,292	40,063
Professional fees	14,505	19,256
Postages and courier expenses	7,287	12,020
Insurance expenses	1,520	1,854
Office expenses	52,272	68,422
Office rent	48,335	15,660
Training expenses	6,242	24,144
Stationery expenses	4,324	4,299
Subscriptions	11,253	14,675
Water and electricity	5,529	7,559
Exchange variations	15,795	20,708
	554,587	699,738
Operating (loss)/profit for the financial year	(392,241)	353,680