

Company Registration No. 08568559 (England and Wales)

NETCOMPANY UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

NETCOMPANY UK LIMITED

COMPANY INFORMATION

Directors	Mr Tine Boye	{Appointed 29 March 2018}
	Mr Claus Jorgensen	{Appointed 29 March 2018}
	Mr Thomas Johansen	{Appointed 29 March 2018}
	Mr Andre Rogaczewski	{Appointed 29 March 2018}
Company number	08568559	
Registered office	46-54 High Street Ingatestone Essex CM4 9DW	
Auditor	Taylor Viney & Marlow 46-54 High Street Ingatestone Essex CM4 9DW	

NETCOMPANY UK LIMITED

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NETCOMPANY UK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present the strategic report for the Period ended 31 December 2017.

Fair review of the business

Overview

Netcompany UK Limited (Formerly Hunter Macdonald Ltd) is a technology services group which works with many of the most significant and prestigious private sector companies in the world, as well as some of the UK's largest central Government departments. We have deep expertise in sectors that range from defence and healthcare through to manufacturing, finance and retail, delivering projects and services that drive real innovation and positive change for our clients.

We have deep expertise across a wide range of sectors and our services range from application development and cloud migration through to programme delivery and service operations.

In October 2017, Hunter Macdonald Ltd was acquired by Netcompany of Denmark and has subsequently rebranded as Netcompany UK Ltd.

As a result of the transaction we are moving our financial year end to December to bring it in line with Netcompany. As such, these accounts are for the 6 month period between July 2017 and December 2017.

Financial Performance

Throughout the 6-month period, we have continued to serve our clients in both the public and the private sector. Repeat revenue from our client base remained high.

Revenue for the 6 month period was £17.1m and EBIT was £1.65m.

We ended the period being cash generative and with no long-term debt attached to the company.

Business Development

Revenue from each of our practices continued to perform well over the past 6 months and we attained high levels of repeat business from our prestigious client base.

We have maintained our strategy of concentrating on large private sector organisations and key central government departments.

Our team has continued to grow in size over the past 6 months and we have been successful in attracting senior and skilled technologists into the company.

Key performance indicators

The key performance indicators of the financial year's trading result are :-

Gross Profit Margin 16% (30 June 2017 - 19%)

Profit before taxation 10% (30 June 2017 - 13%)

Current Ratio 2.3: 1 (30 June 2017 - 1.8 : 1)

On behalf of the board

Mr Thomas Johansen

Director

19 November 2018

NETCOMPANY UK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the Period ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of I.T. delivery and services.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

Mr Mark Ward	(Resigned 29 March 2018)
Mr Christian Brady	(Resigned 29 March 2018)
Mr Scott Gourlay	(Resigned 29 March 2018)
Mrs Joanne Penney	(Resigned 29 March 2018)
Mr Neil Flaxman	(Resigned 29 March 2018)
Mr Kevin Barrett	(Resigned 29 March 2018)
Mr Christopher Spence	(Resigned 29 March 2018)
Mr David Hildyard	(Resigned 29 March 2018)
Mr Giles Wood	(Resigned 29 March 2018)
Mr Tine Boye	(Appointed 29 March 2018)
Mr Claus Jorgensen	(Appointed 29 March 2018)
Mr Thomas Johansen	(Appointed 29 March 2018)
Mr Andre Rogaczewski	(Appointed 29 March 2018)

Results and dividends

The results for the Period are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Taylor Viney & Marlow were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NETCOMPANY UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr Thomas Johansen

Director

19 November 2018

NETCOMPANY UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NETCOMPANY UK LIMITED

Opinion

We have audited the financial statements of Netcompany UK Limited (the 'company') for the Period ended 31 December 2017 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

NETCOMPANY UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NETCOMPANY UK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Stuart McCallum (Senior Statutory Auditor)
for and on behalf of Taylor Viney & Marlow

19 November 2018

Chartered Accountants
Statutory Auditor

46-54 High Street
Ingatestone
Essex
CM4 9DW

NETCOMPANY UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2017

		Period ended 31 December 2017 £	Year ended 30 June 2017 £
	Notes		
Turnover	3	17,124,196	29,190,991
Cost of sales		(14,442,280)	(23,790,287)
Gross profit		2,681,916	5,400,704
Administrative expenses		(1,032,278)	(1,649,893)
Operating profit	4	1,649,638	3,750,811
Interest receivable and similar income	7	-	117
Interest payable and similar expenses	8	(6,992)	(55,938)
Amounts written off investments	9	-	(7,330)
Profit before taxation		1,642,646	3,687,660
Tax on profit	10	(152,000)	(715,997)
Profit for the financial Period	22	1,490,646	2,971,663

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NETCOMPANY UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Period ended 31 December 2017 £	Year ended 30 June 2017 £
Profit for the Period	1,490,646	2,971,663
Other comprehensive income		
Currency translation differences	-	(95,156)
Total comprehensive income for the Period	1,490,646	2,876,507

NETCOMPANY UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £
Fixed assets			
Tangible assets	12	48,719	45,607
Investments	13	97,368	97,368
		<u>146,087</u>	<u>142,975</u>
Current assets			
Debtors	15	8,581,955	9,937,770
Cash at bank and in hand		3,190,365	1,651,233
		<u>11,772,320</u>	<u>11,589,003</u>
Creditors: amounts falling due within one year	16	<u>(5,216,144)</u>	<u>(6,527,739)</u>
Net current assets		<u>6,556,176</u>	<u>5,061,264</u>
Total assets less current liabilities		<u>6,702,263</u>	<u>5,204,239</u>
Provisions for liabilities	18	<u>(8,665)</u>	<u>(8,665)</u>
Net assets		<u><u>6,693,598</u></u>	<u><u>5,195,574</u></u>
Capital and reserves			
Called up share capital	21	10,928	10,869
Share premium account	22	9,285	-
Other reserves	22	64,321	66,287
Profit and loss reserves	22	6,609,064	5,118,418
Total equity		<u><u>6,693,598</u></u>	<u><u>5,195,574</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 November 2018 and are signed on its behalf by:

Mr Thomas Johansen
Director

Company Registration No. 08568559

NETCOMPANY UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 July 2016		10,869	-	-	2,782,254	2,793,123
Period ended 30 June 2017:						
Profit for the period		-	-	-	2,971,663	2,971,663
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	-	-	(95,156)	(95,156)
Total comprehensive income for the period		-	-	-	2,876,507	2,876,507
Dividends	11	-	-	-	(540,343)	(540,343)
SoftQware Ltd purchase consideration adjustment		-	-	66,287	-	66,287
Balance at 30 June 2017		10,869	-	66,287	5,118,418	5,195,574
Period ended 31 December 2017:						
Profit and total comprehensive income for the period		-	-	-	1,490,646	1,490,646
Issue of share capital	21	59	9,285	-	-	9,344
Group accounting policy reserve		-	-	(1,966)	-	(1,966)
Balance at 31 December 2017		10,928	9,285	64,321	6,609,064	6,693,598

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Netcompany UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 46-54 High Street, Ingatestone, Essex, CM4 9DW. The main trading address of the company is, Queen Victoria House, 26 Queen Victoria Street, Reading RG1 1TG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Netcompany UK Limited is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemption from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of NC TopCo A/S (now known as Netcompany Group A/S). These consolidated financial statements are available from <https://www.netcompany.com/int/Investor-Relations/Financials>.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

These financial statements cover a period of 6 months compared to 12 months for the prior period. The period end date was altered to be co-terminus with fellow group companies. Consequently the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% Straight Line
Computer equipment	25% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2017 £
Turnover		
I.T Services	17,124,196	29,190,991
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	-	117
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2017 £	2017 £
United Kingdom	17,110,678	29,091,532
Rest of the World	13,518	99,459
	<u> </u>	<u> </u>
	17,124,196	29,190,991
	<u> </u>	<u> </u>

4 Operating profit

	2017 £	2017 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	2,413	(89)
Fees payable to the company's auditor for the audit of the company's financial statements	-	12,335
Depreciation of owned tangible fixed assets	8,435	13,413
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

	2017 Number	2017 Number
Operational delivery and support	71	57
Administration	7	7
	<u> </u>	<u> </u>
	78	64
	<u> </u>	<u> </u>

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

5 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2017 £
Wages and salaries	2,971,447	4,054,250
Pension costs	48,200	73,656
	<u>3,019,647</u>	<u>4,127,906</u>

These figures represent an average with the employee base growing considerably across the year.

6 Directors' remuneration

	2017 £	2017 £
Remuneration for qualifying services	534,536	517,428
Company pension contributions to defined contribution schemes	4,416	38,000
	<u>538,952</u>	<u>555,428</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2017 £
Remuneration for qualifying services	<u>73,030</u>	<u>96,685</u>

7 Interest receivable and similar income

	2017 £	2017 £
Interest income		
Interest on bank deposits	-	117
	<u>-</u>	<u>117</u>

8 Interest payable and similar expenses

	2017 £	2017 £
Interest on invoice finance arrangements	<u>6,992</u>	<u>55,938</u>

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

9 Amounts written off investments

	2017 £	2017 £
SoftQware Ltd acquisition related costs	-	(7,330)

10 Taxation

	2017 £	2017 £
Current tax		
UK corporation tax on profits for the current period	152,000	715,240
Deferred tax		
Origination and reversal of timing differences	-	757
Total tax charge	152,000	715,997

The actual charge for the Period can be reconciled to the expected charge for the Period based on the profit or loss and the standard rate of tax as follows:

	2017 £	2017 £
Profit before taxation	1,642,646	3,687,660
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	312,103	700,655
Tax effect of expenses that are not deductible in determining taxable profit	1,445	(11,448)
Effect of change in corporation tax rate	-	26,790
Underprovided	(161,548)	-
Taxation charge for the period	152,000	715,997

11 Dividends

	2017 £	2017 £
Interim paid	-	540,343

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

12 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 July 2017	18,655	46,505	65,160
Additions	-	11,547	11,547
	<u>18,655</u>	<u>58,052</u>	<u>76,707</u>
At 31 December 2017	18,655	58,052	76,707
Depreciation and impairment			
At 1 July 2017	6,280	13,273	19,553
Depreciation charged in the Period	1,857	6,578	8,435
	<u>8,137</u>	<u>19,851</u>	<u>27,988</u>
At 31 December 2017	8,137	19,851	27,988
Carrying amount			
At 31 December 2017	<u>10,518</u>	<u>38,201</u>	<u>48,719</u>
At 30 June 2017	<u>12,375</u>	<u>33,232</u>	<u>45,607</u>

13 Fixed asset investments

	Notes	2017 £	2017 £
Investments in subsidiaries	14	67,156	67,156
Loans to subsidiaries	14	30,212	30,212
		<u>97,368</u>	<u>97,368</u>

Movements in fixed asset investments

	Shares in group undertakings	Loans to group undertakings	Total
	£	£	£
Cost or valuation			
At 1 July 2017 & 31 December 2017	<u>67,156</u>	<u>30,212</u>	<u>97,368</u>
Carrying amount			
At 31 December 2017	<u>67,156</u>	<u>30,212</u>	<u>97,368</u>
At 30 June 2017	<u>67,156</u>	<u>30,212</u>	<u>97,368</u>

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Hunter Macdonald Vietnam Co., Ltd	6th Floor, MITEC Building, Block E2, Cau Giay New urban area, Yen Hoa Ward, Cau Giay District, Ha No	IT software consultancy	Single-member LLC	100.00	-
Hunter Macdonald LLC	616 Corporate Way, 25139 Valley Cottage, New York, USA	IT software consultancy	Single-member LLC	100.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Hunter Macdonald Vietnam Co., Ltd	58,666	223,223
Hunter Macdonald LLC	48,399	49,009

The investments in subsidiaries are all stated at cost.

The results for Hunter Macdonald Vietnam Co., Ltd are those of its accounting period ended 30 September 2017.

15 Debtors

	2017	2017
Amounts falling due within one year:	£	£
Trade debtors	8,504,643	9,466,535
Amounts due from group undertakings	295	-
Other debtors	59,772	450,895
Prepayments and accrued income	17,245	20,340
	<u>8,581,955</u>	<u>9,937,770</u>

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

16 Creditors: amounts falling due within one year

	Notes	2017 £	2017 £
Bank loans and overdrafts	17	-	1,226,049
Trade creditors		2,272,898	1,718,608
Amounts due to group undertakings		171,486	126,478
Corporation tax		115,915	410,915
Other taxation and social security		1,209,377	1,153,802
Other creditors		17,517	32,741
Accruals and deferred income		1,428,951	1,859,146
		<u>5,216,144</u>	<u>6,527,739</u>

17 Loans and overdrafts

	2017 £	2017 £
Bank overdrafts	-	1,226,049
	<u>-</u>	<u>1,226,049</u>
Payable within one year	-	1,226,049
	<u>-</u>	<u>1,226,049</u>

18 Provisions for liabilities

	Notes	2017 £	2017 £
Deferred tax liabilities	19	8,665	8,665
		<u>8,665</u>	<u>8,665</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2017 £
Balances:		
Accelerated Capital Allowances	8,665	8,665
	<u>8,665</u>	<u>8,665</u>

There were no deferred tax movements in the Period.

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

20 Retirement benefit schemes

	2017	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	48,200	73,656

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2017	2017
	£	£
Ordinary share capital		
Issued and fully paid		
109,280 Ordinary of 10p each	10,928	10,869

The company has one class of ordinary shares which carry no right to fixed income.

Reconciliation of movements during the Period:

	Ordinary Number
At 1 July 2017	10,869
Share issue	59
At 31 December 2017	10,928

During the year 588 Ordinary 10p shares were issued in respect of employee share options that were exercisable on sale of the company. The exercise price of the option shares was £15.89.

22 Reserves

Other reserves

Other reserves consist of the following;

Merger relief reserve totalling £66,287 which represents the additional amount, over and above par value, at which shares were issued on the acquisition of SoftQware Ltd and its subsidiary Hunter Macdonald Vietnam Co., Ltd on 1 August 2015.

Group accounting policy reserve with a deficit totalling £1,966 which represents the effect of the parent company's accounting policy in respect of IFRS 16 imposed on the company.

NETCOMPANY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

23 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2017 £
Within one year	11,137	15,719
Between two and five years	23,221	14,362
	<u>34,358</u>	<u>30,081</u>

24 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption under FRS 102 33.1A from the requirement to disclose information about transactions with fellow wholly owned subsidiaries within the group.

25 Directors' transactions

Dividends totalling £0 (2017 - £540,343) were paid in the Period in respect of shares held by the company's directors.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Directors' loans	-	449,003	(449,003)	-
		<u>449,003</u>	<u>(449,003)</u>	<u>-</u>

26 Controlling party

The immediate parent company of Netcompany UK Limited is Netcompany UK Holding Limited and its registered office is 46-54 High Street, Ingatestone, Essex, UK.

The ultimate parent undertaking and controlling party is Netcompany Group A/S, a company incorporated in Denmark.

At the balance sheet date, NC TopCo A/S was the parent undertaking of the largest and smallest group within which the subsidiary belonged and for which consolidated financial statements were prepared. The registered office address of NC TopCo A/S is Grønningen 17, 1. Sal. 1270 Copenhagen OE. Denmark. Copies of the consolidated financial statements of NC TopCo A/S are publicly available from <https://www.netcompany.com/int/Investor-Relations/Financials>.

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