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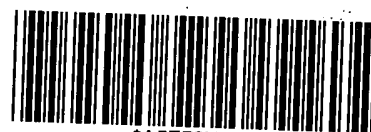
Company registration number: 08991238

**HIKVISION UK LIMITED
TRADING AS HIKVISION UK LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2015

FRIDAY



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COMPANIES HOUSE

HIKVISION UK LIMITED

COMPANY INFORMATION

Directors	Mr He Hongli Mr Bo Yang	(Appointed 11 June 2015) (Appointed 18 April 2016)
Secretary	Ms Geng Zhao	
Company number	08991238	
Registered office	4 The Square Stockley Park Uxbridge UB11 1ET	
Business address	4 The Square Stockley Park Uxbridge UB11 1ET	
Auditors	Hardcastle Blake 2 Liscombe West Liscombe Park Soulbury Leighton Buzzard LU7 0JL	

HIKVISION UK LIMITED

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HIKVISION UK LIMITED

STRATEGIC REPORT YEAR ENDED 31 DECEMBER 2015

Overall Business and Business Model

The company is a sub - subsidiary company of Hangzhou Hikvision Digital Technology Co Ltd, China. It was formed in order to provide a legal structure for the operation of an overseas branch in the UK, the purpose of which is to provide technical and support services to the UK customers of the immediate parent company, Hikvision BV and to the ultimate parent company in China. It does not trade directly with the UK customers and its only source of revenue is recharges to group companies on a cost plus basis. The company made a profit of £39,715 to 31st December 2015.

Business Environment

The company is a branch office of a larger trading group and therefore the principal risk and uncertainty is that its operation is conditional on the continued support of its group companies and that there will be sufficient growth in the UK market for the products supplied by the group to require a fully serviced UK branch office. This will therefore be conditional on the global market for the security products, competition within the UK for similar products and services, economic and political pressures of operating as part of a global company. The company will also be subject to HM Revenue and Customs review of the transfer pricing arrangements with group companies.

Business Performance

During the year the company has increased its UK workforce and continued developing / integrating technical and administration systems with the group companies and providing training thereon. The company generated a profit from the re-charge to group companies for technical and support services undertaken on behalf of UK customers

Future Developments

During the next 12 months the company will continue to increase its UK workforce on a gradual basis so as to offer a wider geographic coverage of the UK market as more products and solutions are potentially sold into the UK market. As detailed above the future development and thus financial performance of the company is primarily dependent on decisions made by its parent companies

This report was approved by the board of directors on 12 August 2016 and signed on behalf of the board by:

Mr Bo Yang
Director



HIKVISION UK LIMITED

DIRECTORS REPORT YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

Directors

The directors who served the company during the year were as follows:

Peiwen Yang	(Resigned 28 February 2015)
Mr Jian Yang	(Resigned 11 June 2015)
Mr He Hongli	(Appointed 11 June 2015)
Mr Zhi Jiangfeng	(Resigned 18 April 2016)

Appointed post the balance sheet date

Mr Bo Yang	(Appointed 18 April 2016)
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Dividends

The directors do not recommend the payment of a dividend.

Future developments

The company will continue to provide technical and supports services to the Hikvision Group in relation to UK based customers

Financial Instruments

a) the financial risk management objectives and policies of the company, and
(b) the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk
unless such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 it must be stated in the Directors' Report that it has done so. This includes information that would have been included in the business review and the principal risks and uncertainties.

HIKVISION UK LIMITED

DIRECTORS REPORT YEAR ENDED 31 DECEMBER 2015

Statement of directors responsibilities

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 judgments 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;
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 12 August 2016 and signed on behalf of the board by:

Mr Bo Yang
Director



HIKVISION UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HIKVISION UK LIMITED YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Hikvision UK Limited for the year ended 31 December 2015 which comprise the statement of income and retained earnings, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the directors affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HIKVISION UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HIKVISION UK LIMITED
YEAR ENDED 31 DECEMBER 2015**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the 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.

Hardcastle Blake

Kevin Myers (senior statutory auditor)

For and on behalf of
Hardcastle Blake
Chartered Accountants and Statutory Auditors
2 Liscombe West
Liscombe Park
Soulbury
Leighton Buzzard
LU7 0JL

12 August 2016

HIKVISION UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2015

		Year ended 31/12/15 £	Period ended 31/12/14 £
Turnover	3	1,025,077	124,016
Cost of sales		(791,457)	(134,357)
Gross profit/(loss)		233,620	(10,341)
Administrative expenses		(193,940)	(50,511)
Operating profit/(loss)	4	39,680	(60,852)
Other interest receivable and similar income	8	35	43
Profit/(loss) on ordinary activities before taxation		39,715	(60,809)
Tax on profit/(loss) on ordinary activities		-	-
Profit/(loss) for the financial year and total comprehensive income		<u>39,715</u>	<u>(60,809)</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

HIKVISION UK LIMITED

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015**

			Year ended 31/12/15	Period ended 31/12/14
	Note	£	£	£
Fixed assets				
Tangible assets	9	<u>34,424</u>		<u>9,566</u>
			34,424	9,566
Current assets				
Debtors	10	72,116		31,318
Cash at bank and in hand	11	<u>633,483</u>		<u>56,527</u>
		705,599		87,845
Creditors: amounts falling due within one year	12	<u>(661,117)</u>		<u>(58,220)</u>
Net current assets			44,482	29,625
Total assets less current liabilities			<u>78,906</u>	<u>39,191</u>
Net assets/(liabilities)			<u>78,906</u>	<u>39,191</u>
Capital and reserves				
Called up share capital	14		100,000	100,000
Profit and loss account			<u>(21,094)</u>	<u>(60,809)</u>
Shareholders funds			<u>78,906</u>	<u>39,191</u>

These financial statements were approved by the board of directors and authorised for issue on 12 August 2016, and are signed on behalf of the board by:

Mr Bo Yang
Director



Company registration number: 08991238

The notes on pages 10 to 16 form part of these financial statements.

HIKVISION UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2014	-	-	-
Profit/(loss) for the year		(60,809)	(60,809)
Total comprehensive income for the year	-	(60,809)	(60,809)
Issue of shares	100,000		100,000
Total investments by and distributions to owners	100,000	-	100,000
At 31 December 2014	100,000	(60,809)	39,191
Profit/(loss) for the year		39,715	39,715
Total comprehensive income for the year	-	39,715	39,715
At 31 December 2015	100,000	(21,094)	78,906

HIKVISION UK LIMITED

**STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2015**

		Year ended 31/12/15 £	Period ended 31/12/14 £
Cash flows from operating activities			
Profit/(loss) for the financial year		39,715	(60,809)
<i>Adjustments for:</i>			
Depreciation of tangible assets		4,969	759
Other interest receivable and similar income		(35)	(43)
Accrued expenses/(income)		10,176	1,760
<i>Changes in:</i>			
Trade and other debtors		(40,798)	(31,318)
Trade and other creditors		13,438	8,561
Cash generated from operations		27,465	(81,090)
Interest received		35	43
Net cash from/(used in) operating activities		<u>27,500</u>	<u>(81,047)</u>
Cash flows from investing activities			
Purchase of tangible assets		(29,827)	(10,325)
Net cash used in investing activities		<u>(29,827)</u>	<u>(10,325)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	100,000
Proceeds from loans from group undertakings		594,954	32,228
Net cash from financing activities		<u>594,954</u>	<u>132,228</u>
Net increase/(decrease) in cash and cash equivalents		592,627	40,856
Cash and cash equivalents at beginning of year	11	<u>40,856</u>	-
Cash and cash equivalents at end of year	11	<u>633,483</u>	<u>40,856</u>

HIKVISION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2015

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 18.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax. When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and is subsequently stated at cost less any accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2015

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fittings fixtures and equipment - 20% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

HIKVISION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2015

3. Turnover

Turnover arises from:

	Year ended 31/12/15 £	Period ended 31/12/14 £
Rendering of services	1,020,077	124,016
Recharges	5,000	-
	<u>1,025,077</u>	<u>124,016</u>

4. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	Year ended 31/12/15 £	Period ended 31/12/14 £
Depreciation of tangible assets	4,969	759
Operating lease rentals	<u>91,998</u>	<u>23,328</u>

5. Auditors remuneration

	Year ended 31/12/15 £	Period ended 31/12/14 £
Fees payable to Hardcastle Blake		
Fees payable for the audit of the financial statements	<u>3,000</u>	<u>1,500</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>8,005</u>	<u>1,500</u>

HIKVISION UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED 31 DECEMBER 2015**6. Staff costs**

The average number of persons employed by the company during the year, including the directors, amounted to:

	Year ended 31/12/15	Period ended 31/12/14
Technical	12	3
Admin	1	1
Director	1	1
	<u>14</u>	<u>5</u>

The aggregate payroll costs incurred during the year were:

	Year ended 31/12/15	Period ended 31/12/14
	£	£
Wages and salaries	547,065	99,259
Social security costs	59,347	9,319
	<u>606,412</u>	<u>108,578</u>

7. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	Year ended 31/12/15	Period ended 31/12/14
	£	£
Remuneration	16,590	4,000
Director living accommodation	-	4,758
	<u>16,590</u>	<u>8,758</u>

8. Other interest receivable and similar income

	Year ended 31/12/15	Period ended 31/12/14
	£	£
Bank deposits	35	43

HIKVISION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2015

9. Tangible assets

	Fixtures, fittings and equipment £
Cost	
At 1 January 2015	10,325
Additions	29,827
At 31 December 2015	40,152
Depreciation	
At 1 January 2015	759
Charge for the year	4,969
At 31 December 2015	5,728
Carrying amount	
At 31 December 2015	34,424
At 31 December 2014	9,566

10. Debtors

	Year ended 31/12/15 £	Period ended 31/12/14 £
Prepayments and accrued income	44,853	16,412
Other debtors	27,263	14,906
	72,116	31,318

11. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Year ended 31/12/15 £	Period ended 31/12/14 £
Cash at bank and in hand	633,483	56,527
Bank overdrafts	-	(15,671)
	633,483	40,856

HIKVISION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2015

12. Creditors: amounts falling due within one year

	Year ended	Period ended
	31/12/15	31/12/14
	£	£
Bank loans and overdrafts	-	15,671
Trade creditors	12,284	3,093
Amounts owed to group undertakings	627,182	32,228
Accruals and deferred income	11,936	1,760
Other creditors	9,715	5,468
	<u>661,117</u>	<u>58,220</u>

13. Financial instruments

The company has debt due to Group companies. At present this is interest free. There is no set repayment date for the loan but in theory it is repayable on demand.

14. Called up share capital
Issued, called up and fully paid

	Year ended		Period ended	
	31/12/15		31/12/14	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

15. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Year ended	Period ended
	31/12/15	31/12/14
	£	£
Not later than 1 year	65,431	44,078
Later than 1 year and not later than 5 years	23,808	-
	<u>89,239</u>	<u>44,078</u>

HIKVISION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2015

16. Related party transactions

The company considers it is exempt from providing information in respect of transactions with other group companies

17. Controlling party

The immediate parent company is Hikvision Europe BV. This itself is an 100% subsidiary of Hangzhou Hikvision Digital Technology Co Ltd, China and that entity is primarily owned by institutional investors

18. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

Reconciliation of equity

No transitional adjustments were required.

Reconciliation of profit or loss for the year

No transitional adjustments were required.