

Company registration number: 08991238

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

**FINANCIAL STATEMENTS**

**31 DECEMBER 2016**

TUESDAY



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COMPANIES HOUSE

# **HIKVISION UK LIMITED**

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## **HIKVISION UK LIMITED**

### **Directors and other information**

#### **Directors**

Mr He Hongli	
Mr Zhi Jiangfeng	(Resigned 18 April 2016)
Mr Bo Yang	(Appointed 18 April 2016)(Resigned 16 March 2017)
Mr Jian Yang	(Appointed 6 March 2017)

#### **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

#### **Auditor**

Hardcastle Blake (LB) Limited  
2 Liscombe West  
Liscombe Park  
Soulbury  
Leighton Buzzard  
LU7 0JL

**HIKVISION UK LIMITED**  
**STRATEGIC REPORT**  
**YEAR ENDED 31 DECEMBER 2016**

**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. The UK company is under the strategic control of the parent companies and the ethos follows that set on a global basis.

**Business Environment**

The UK company is principally funded by fellow Group companies primarily the HQ company based in China and the European immediate parent company, Hikvision BV. This funding is directly linked to the anticipated growth and development of the UK market, which in turn is based on the product technology, product innovation and pricing levels of the extensive range of the Hikvision security products being of commercial interest to its UK customers. This commercial relationship is outside the control of the UK company as it is not directly involved in the customer sales process. Hikvision uses a independent distribution network to deliver the supply logistics of goods from the overseas warehouses to the UK customers.

The principal risks to the UK company are

1) the UK customer base for the Hikvision products is reduced, this could be due to product obsolescence, new competition, regulatory or political issues. The potential impact of Brexit on the ability to function competitively in the UK market is still being assessed by the directors and this will depend on how the negotiations between the UK and EU unfold.

2) A strategic decision by the Hikvision head office to streamline the global service and technical support network, so that UK customers are managed from overseas or this is delivered by outsourcing to independent providers.

The key uncertainty is that the UK legal entity is a branch office of a multinational company. It does not act independently of the strategic objectives of its parent companies. However the UK company now has around 50 full time employees and has signed a 5 year lease on commercial premises in Uxbridge. It will shortly open a second technical support office in Manchester to cover the north of the UK. So the current strategic objective for the UK company is to expand in and commit to the UK market.

The company has significantly increased its UK workforce during the year. This is a combination of local based staff, with others transferred from the China HQ company to fulfill technical and management roles and to align the UK to its global systems.

An additional risk therefore is the adherence to UK legislation, but this is managed by the outsourcing of assurance and compliance services to local professional organisations

**Business Performance**

During the year the company has increased its UK workforce and continued developing / integrating technical and administration systems with the group companies

The company's turnover is generated from commercial re-charges to group companies for the technical and support services provided. There are formal service contract agreements and this calculates the service charge in proportion to the sales delivered to UK customers from the above companies. The quantum of the service charge is a "cost plus" model that is considered in accordance with the OECD Transfer Pricing Regulations. It also generates revenues from re-charges to UK distributors and customers for shared costs of exhibitions and trade shows.

## HIKVISION UK LIMITED

### STRATEGIC REPORT (CONTINUED) YEAR ENDED 31 DECEMBER 2016

Service charge income increased to £2.46m from (2015 : £1.02m). This is directly related to the increase in staff numbers and development of additional office space. Employee remuneration costs increased to £1.284m (2015 : £0.605m). There were similar increases in employment related costs of travel and accommodation. The company made a substantial investment in office premises during the year, moving from Maidenhead to a business park in Uxbridge, near to Heathrow airport.

Given the business model and funding arrangements aligned to global strategic development of the Hikvision brand, the key performance indicators "KPI's" are operational rather than financial. These are customer satisfaction surveys and feedback analysis. These are in the process of being developed.

In light of the business model, the profit for the year is directly linked to the cost plus model used for the recharge to group companies. The profit after tax is £0.087m (2015 £0.040m). This approximates to around 5% of the total direct costs incurred by the UK company

The UK entity is advanced funded in respect of service charges and as a result cash flow risk is minimal. During the year the company acquired new business premises on a 5 year lease and spent £278k on improvements and fitting out the office. It has since taken out a lease on a Manchester office albeit this is smaller.

The company's main financial assets and liabilities are to group companies. During the year the company re-assessed its group service agreements and this has led to large inter company balances as at 31st December 2016. These should be reduced during the current financial year.

#### **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 22 June 2017 and signed on behalf of the board by:

Mr Jian Yang  
Director



**HIKVISION UK LIMITED**  
**DIRECTORS REPORT**  
**YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

**Directors**

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

Mr He Hongli	
Mr Zhi Jiangfeng	(Resigned 18 April 2016)
Mr Bo Yang	(Appointed 18 April 2016)(Resigned 16 March 2017)

**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 (CONTINUED) YEAR ENDED 31 DECEMBER 2016

#### Directors responsibilities statement

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; and
- 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

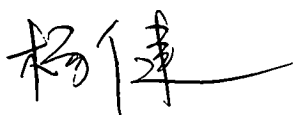
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 22 June 2017 and signed on behalf of the board by:

Mr Jian Yang  
Director



## **HIKVISION UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIKVISION UK LIMITED YEAR ENDED 31 DECEMBER 2016**

We have audited the financial statements of Hikvision UK Limited for the year ended 31 December 2016 which comprise the statement of income and retained earnings, statement of financial position, 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 Standard (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 members 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 statement, 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 us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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 strategic report and the directors report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **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.



**HIKVISION UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
HIKVISION UK LIMITED (CONTINUED)  
YEAR ENDED 31 DECEMBER 2016**

*Hardcastle Blake (LB) Limited.*

Kevin Myers (senior statutory auditor)

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

22 June 2017

**HIKVISION UK LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	<b>4</b>	2,564,144	1,025,077
Cost of sales		(1,751,257)	(791,457)
<b>Gross profit</b>		812,887	233,620
Administrative expenses		(703,262)	(193,940)
<b>Operating profit</b>	<b>5</b>	109,625	39,680
Other interest receivable and similar income	<b>9</b>	-	35
<b>Profit before taxation</b>		109,625	39,715
Tax on profit	<b>10</b>	(22,314)	-
<b>Profit for the financial year and total comprehensive income</b>		<u>87,311</u>	<u>39,715</u>
<b>Retained earnings at the start of the year</b>		(21,094)	(60,809)
<b>Retained earnings at the end of the year</b>		<u>66,217</u>	<u>(21,094)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

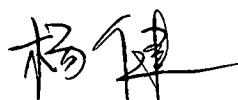
**HIKVISION UK LIMITED**

**STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	12	285,706		34,424	
			285,706		34,424
<b>Current assets</b>					
Debtors	13	2,517,511		72,116	
Cash at bank and in hand		404,942		633,483	
		2,922,453		705,599	
<b>Creditors: amounts falling due within one year</b>	14	(2,974,668)		(649,181)	
<b>Net current (liabilities)/assets</b>			(52,215)		56,418
<b>Total assets less current liabilities</b>			233,491		90,842
<b>Provisions for liabilities</b>	15		(22,314)		-
<b>Accruals and deferred income</b>			(44,960)		(11,936)
<b>Net assets</b>			166,217		78,906
<b>Capital and reserves</b>					
Called up share capital	18		100,000		100,000
Profit and loss account	19		66,217		(21,094)
<b>Shareholders funds</b>			166,217		78,906

These financial statements were approved by the board of directors and authorised for issue on 22 June 2017, and are signed on behalf of the board by:

Mr Jian Yang  
Director



Company registration number: 08991238

**The notes on pages 12 to 21 form part of these financial statements.**

HIKVISION UK LIMITED

STATEMENT OF CASH FLOWS  
YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	87,311	39,715
<i>Adjustments for:</i>		
Depreciation of tangible assets	26,848	4,969
Other interest receivable and similar income	-	(35)
Tax on profit	22,314	-
Accrued expenses/(income)	33,024	10,176
<i>Changes in:</i>		
Trade and other debtors	(2,445,395)	(40,798)
Trade and other creditors	31,733	13,438
Cash generated from operations	(2,244,165)	27,465
Interest received	-	35
Net cash (used in)/from operating activities	<u>(2,244,165)</u>	<u>27,500</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(278,130)	(29,827)
Net cash used in investing activities	<u>(278,130)</u>	<u>(29,827)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans from group undertakings	2,293,754	594,954
Net cash from financing activities	<u>2,293,754</u>	<u>594,954</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(228,541)	592,627
<b>Cash and cash equivalents at beginning of year</b>	633,483	40,856
<b>Cash and cash equivalents at end of year</b>	<u>404,942</u>	<u>633,483</u>

## HIKVISION UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2016

#### 1. General information

The company is a private company limited by shares, registered in UK. The address of the registered office is 4 The Square, Stockley Park, Uxbridge, UB11 1ET.

#### 2. Statement of compliance

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

#### 3. 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.

##### 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.

Other income relates to recharges to UK customers in respect of shared costs

##### 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.

## HIKVISION UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

#### **Tangible assets**

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

#### **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.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

## **HIKVISION UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016**

#### **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.

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 are 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.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

# HIKVISION UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

### 4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	2,462,160	1,020,077
Recharges	101,984	5,000
	<u>2,564,144</u>	<u>1,025,077</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016	2015
	£	£
Overseas	2,462,160	1,020,077
UK	101,984	5,000
	<u>2,564,144</u>	<u>1,025,077</u>

### 5. Operating profit

Operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible assets	26,848	4,969
Cost of stocks recognised as an expense	65,902	28,063
Operating lease rentals	<u>315,791</u>	<u>91,998</u>

### 6. Auditors remuneration

	2016	2015
	£	£
<b>Fees payable to Hardcastle Blake (LB) Limited</b>		
Fees payable for the audit of the financial statements	<u>3,000</u>	<u>3,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>5,213</u>	<u>8,005</u>



# HIKVISION UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

### 7. Staff costs

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

	2016	2015
Technical	24	12
Admin	2	1
Director	1	1
	<u>27</u>	<u>14</u>

The aggregate payroll costs incurred during the year were:

	2016 £	2015 £
Wages and salaries	1,148,391	547,065
Social security costs	125,479	59,347
Other pension costs	10,647	-
	<u>1,284,517</u>	<u>606,412</u>

### 8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	<u>-</u>	<u>16,590</u>

### 9. Other interest receivable and similar income

	2016 £	2015 £
Bank deposits	<u>-</u>	<u>35</u>

# HIKVISION UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

### 10. Tax on profit

#### Major components of tax expense

	2016 £	2015 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	22,314	-
<b>Tax on profit</b>	<u>22,314</u>	<u>-</u>

#### Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%).

	2016 £	2015 £
Profit before taxation	<u>109,625</u>	<u>39,715</u>
Profit multiplied by rate of tax	21,925	7,943
Effect of expenses not deductible for tax purposes	3,460	917
Effect of capital allowances and depreciation	(15,428)	(4,972)
Utilisation of tax losses	-	(3,888)
Unrelieved tax losses	12,357	-
<b>Tax on profit</b>	<u>22,314</u>	<u>-</u>

#### Factors affecting future tax expense

The company has carried forward corporation tax losses that will reduce future liabilities

**HIKVISION UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 DECEMBER 2016**

**11. Earnings per share**

**Basic earnings/(loss) per share**

	<b>2016</b>	2015
Basic earnings/(loss) per share from continuing operations (pence per share)	<u>0.87</u>	<u>0.40</u>

The earnings/(loss) and weighted average number of shares used in the calculation of basic earnings/(loss) per share are as follows:

	<b>2016</b>	2015
	<b>£</b>	<b>£</b>
Profit for the year attributable to the owners of the company	<u>87,311</u>	<u>39,715</u>

	<b>2016</b>	2015
	<b>No</b>	<b>No</b>
Weighted average number of ordinary shares in issue	<u>100,000</u>	<u>100,000</u>

**Diluted earnings/(loss) per share**

	<b>2016</b>	2015
Diluted earnings/(loss) per share from continuing operations (pence per share)	<u>0.87</u>	<u>0.40</u>

The earnings/(loss) and weighted average number of shares used in the calculation of diluted earnings/(loss) per share are as follows:

	<b>2016</b>	2015
	<b>£</b>	<b>£</b>
Earnings/(loss) used in calculation of basic earnings/(loss) per share	<u>87,311</u>	<u>39,715</u>

	<b>2016</b>	2015
	<b>No</b>	<b>No</b>
Weighted average number of ordinary shares in issue (basic)	<u>100,000</u>	<u>100,000</u>

HIKVISION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 2016

12. Tangible assets

	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
At 1 January 2016	40,152	40,152
Additions	278,130	278,130
<b>At 31 December 2016</b>	<b>318,282</b>	<b>318,282</b>
<b>Depreciation</b>		
At 1 January 2016	5,728	5,728
Charge for the year	26,848	26,848
<b>At 31 December 2016</b>	<b>32,576</b>	<b>32,576</b>
<b>Carrying amount</b>		
<b>At 31 December 2016</b>	<b>285,706</b>	<b>285,706</b>
At 31 December 2015	34,424	34,424

13. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	2,115,914	-
Prepayments and accrued income	162,643	44,853
Other debtors	238,954	27,263
	<b>2,517,511</b>	<b>72,116</b>

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	35,310	12,284
Amounts owed to group undertakings	2,920,936	627,182
Other creditors	18,422	9,715
	<b>2,974,668</b>	<b>649,181</b>

**HIKVISION UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 DECEMBER 2016**

**15. Provisions**

	Deferred tax (note 16)	Total
	£	£
At 1 January 2016	-	-
Additions	22,314	22,314
<b>At 31 December 2016</b>	<u>22,314</u>	<u>22,314</u>

**16. Deferred tax**

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 15)	<u>22,314</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	34,828	-
Unused tax losses	(12,514)	-
	<u>22,314</u>	<u>-</u>

**17. Employee benefits**

The amount recognised in profit or loss in relation to defined contribution plans was £10,647 (2015: £-).

**18. Called up share capital**  
**Issued, called up and fully paid**

	2016 No	£	2015 No	£
Ordinary shares shares of £ 1.00 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

**19. Reserves**

Profit and loss account - Accumulated profit not yet distributed to shareholders.

# HIKVISION UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

### 20. Operating leases

#### The company as lessee

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

	2016 £	2015 £
Not later than 1 year	187,810	65,431
Later than 1 year and not later than 5 years	465,290	23,808
	<u>653,100</u>	<u>89,239</u>

### 21. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2016 £	2015 £	2016 £	2015 £
Pyronix Limited	<u>13,167</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

### 22. Key management personnel

Mr J Yang is considered to be a key member of personnel and his remuneration in the year was £44,584. Mr J Yang was appointed as a director post year end.

### 23. 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