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Registration number 8991238

**HIKVISION UK LIMITED**  
**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2014**

TUESDAY



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## **HIKVISION UK LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	Mr Yang, Peiwen (resigned 28th February 2015) Mr Yang, Jian (appointed 1st March 2015, resigned 11th June 2015) Mr Hongli, He (appointed 11th June 2015) Mr Jiangfeng, Zhi (Appointed 11th June 2015)
<b>Company number</b>	8991238
<b>Registered office</b>	Park House Park Street Maidenhead Berks SL6 1SL
<b>Auditors</b>	H B Audit Limited 2 Liscombe West Liscombe Park Soulbury Leighton Buzzard LU7 0JL
<b>Business address</b>	Park House Park Street Maidenhead Berkshire United Kingdom SL6 1SL

# **HIKVISION UK LIMITED**

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## **HIKVISION UK LIMITED**

### **STRATEGIC REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2014**

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#### **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 loss of £60,809 in the first period of activity to 31st December 2014, reflecting the start up costs incurred with the UK branch.

#### **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**

The company was incorporated during the year and only commenced to trade on 1st July 2014. This was primarily a start up period, setting up a UK office, recruiting a UK workforce and developing / integrating technical and administration systems with the group companies and providing training thereon. The company therefore incurred a loss during that period whilst it was in a position to provide and re-charge 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

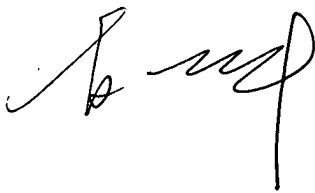
**HIKVISION UK LIMITED**

**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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This report was approved by the Board on 7 September 2015 and signed on its behalf by

**Mr Jiangfeng, Zhi**  
**Director**

A handwritten signature in black ink, appearing to be 'Jiangfeng, Zhi', written in a cursive style.

## **HIKVISION UK LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE PERIOD ENDED 31 DECEMBER 2014**

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The directors present their report and the financial statements for the period ended 31 December 2014.

#### **Incorporation and change of name**

The company was incorporated on 10 April 2014 as Hikvision UK Limited. The company commenced trade on 1 July 2014.

#### **Principal activity and review of the business**

The principal activity of the company is the provision of technical and support services

#### **Results and dividends**

The results for the period are set out on page 7.

The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who served during the period are as stated below:

Mr Peiwen Yang (resigned 28th February 2015)

The following were appointed as directors after the year end

Mr Yang, Jian (appointed 1st March 2015, resigned 11th June 2015)

Mr Hongli, He (appointed 11th June 2015)

Mr Jiangfeng, Zhi (appointed 11th June 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 period. 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.

- select suitable accounting policies and apply them consistently;
- make judgements and 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.

**HIKVISION UK LIMITED**

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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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 him to ensure that the financial statements comply with the Companies Act 1985. 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.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has 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.

**Strategic Report**

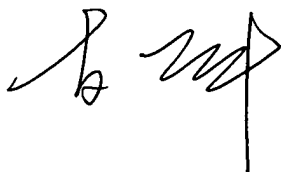
The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 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.

**Auditors**

H B Audit Limited were appointed auditors to the company and are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 7 September 2015 and signed on its behalf by

**Mr Jiangfeng, Zhi**  
**Director**



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HIKVISION UK LIMITED**

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We have audited the financial statements of Hikvision UK Limited for the period ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the 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 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 - 4, 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.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 company's affairs as at 31 December 2014 and of its loss 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.

### **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.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
HIKVISION UK LIMITED**

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**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 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.

*HB Audit Ltd*

.....  
**KEVIN MYERS (SENIOR STATUTORY AUDITOR)**  
**H B AUDIT LIMITED**  
**CHARTERED ACCOUNTANTS AND**  
**STATUTORY AUDITORS**

**2 Liscombe West  
Liscombe Park  
Soulbury  
Leighton Buzzard  
LU7 0JL**

**DATE: 7 September 2015**

**HIKVISION UK LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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		Continuing operations
		Period ended 31/12/14
	Notes	£
Turnover	2	124,016
Cost of sales		(134,357)
Gross loss		(10,341)
Administrative expenses		(50,511)
Operating loss	3	(60,852)
Other interest receivable and similar income	5	43
Loss on ordinary activities before taxation		(60,809)
Tax on loss on ordinary activities		-
Loss for the period	11	(60,809)

There are no recognised gains or losses other than the profit or loss for the above financial period.

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

**HIKVISION UK LIMITED**

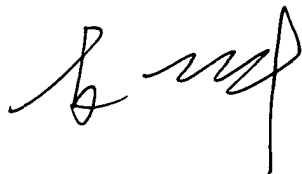
**BALANCE SHEET  
AS AT 31 DECEMBER 2014**

	Notes	£	31/12/14 £
<b>Fixed assets</b>			
Tangible assets	7		9,566
<b>Current assets</b>			
Debtors	8	31,318	
Cash at bank and in hand		56,527	
		<u>87,845</u>	
<b>Creditors: amounts falling due within one year</b>	9	(58,220)	
<b>Net current assets</b>			<u>29,625</u>
<b>Total assets less current liabilities</b>			<u>39,191</u>
<b>Net assets</b>			<u>39,191</u>
<b>Capital and reserves</b>			
Called up share capital	10		100,000
Profit and loss account	11		(60,809)
<b>Shareholders' funds</b>	12		<u>39,191</u>

These accounts were approved by the directors on 7 September 2015, and are signed on their behalf by:

**Mr Jiangfeng, Zhi**  
**Director**

**Registration number 8991238**



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

**HIKVISION UK LIMITED**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Notes	Period ended 31/12/14 £
<b>Reconciliation of operating loss to net cash outflow from operating activities</b>		
Operating loss		(60,852)
Depreciation		759
(Increase) in debtors		(31,318)
Increase in creditors		42,549
<b>Net cash outflow from operating activities</b>		<b>(48,862)</b>
<b>Cash flow statement</b>		
Net cash outflow from operating activities		(48,862)
Returns on investments and servicing of finance	16	43
Capital expenditure	16	(10,325)
		(59,144)
Financing	16	100,000
<b>Increase in cash in the period</b>		<b>40,856</b>
<b>Reconciliation of net cash flow to movement in net funds (Note 17)</b>		
<b>Increase in cash in the period</b>		<b>40,856</b>
<b>Net funds at 31 December 2014</b>		<b>40,856</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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**1. Accounting policies**

**1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

**1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of recharges to group members made during the period.

**1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 20% Straight Line
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**1.4. Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.5. Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**HIKVISION UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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<b>2. Turnover</b>	
Geographical market	
UK	-
Rest of the World	124,016
	<u>124,016</u>
	<b>Period ended</b>
<b>3. Operating loss</b>	<b>31/12/14</b>
	<b>£</b>
Operating loss is stated after charging:	
Depreciation and other amounts written off tangible assets	759
Operating lease rentals	
- Land and buildings	12,822
- Motor vehicles	10,506
Auditors' remuneration (Note 4)	<u>3,453</u>
<b>4. Auditors' remuneration</b>	<b>Period ended</b>
	<b>31/12/14</b>
	<b>£</b>
Auditors' remuneration - audit of the financial statements	<u>1,500</u>
Auditors' remuneration - other fees:	
- other assurance services	<u>1,953</u>
	<b>Period ended</b>
<b>5. Interest receivable and similar income</b>	<b>31/12/14</b>
	<b>£</b>
Bank interest	<u>43</u>

**HIKVISION UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014****6. Employees**

	<b>Period ended 31/12/14 Number</b>
<b>Number of employees</b>	
The average monthly numbers of employees (including the directors) during the period were:	
Technical	3
Admin	1
Director	1
	<u>5</u>
<b>Employment costs</b>	<b>31/12/14 £</b>
Wages and salaries	104,017
Social security costs	9,319
	<u>113,336</u>

	<b>Period ended 31/12/14 £</b>
<b>6.1. Directors' emoluments</b>	
Remuneration and other emoluments	4,000
Living accommodation	4,758
	<u>8,758</u>

**HIKVISION UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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		<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>7. Tangible fixed assets</b>			
<b>Cost</b>			
Additions		10,325	10,325
At 31 December 2014		<u>10,325</u>	<u>10,325</u>
<b>Depreciation</b>			
Charge for the period		759	759
At 31 December 2014		<u>759</u>	<u>759</u>
<b>Net book value</b>			
At 31 December 2014		<u>9,566</u>	<u>9,566</u>
<b>8. Debtors</b>		<b>31/12/14</b>	
		<b>£</b>	
Other debtors		14,906	
Prepayments and accrued income		16,412	
		<u>31,318</u>	
<b>9. Creditors: amounts falling due within one year</b>		<b>31/12/14</b>	
		<b>£</b>	
Bank overdraft		15,671	
Trade creditors		3,093	
Amounts owed to connected companies		32,228	
Other creditors		5,468	
Accruals and deferred income		1,760	
		<u>58,220</u>	



**HIKVISION UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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<b>10. Share capital</b>	<b>31/12/14</b>
	<b>£</b>
<b>Authorised</b>	
100,000 Ordinary shares of £1 each	<u>100,000</u>
<b>Allotted, called up and fully paid</b>	
100,000 Ordinary shares of £1 each	<u>100,000</u>
<b>Equity Shares</b>	
100,000 Ordinary shares of £1 each	<u>100,000</u>
100,000 Ordinary shares of £1 each were issued at par on the incorporation of the company.	
<b>11. Equity Reserves</b>	<b>Profit and loss account</b>
	<b>£</b>
	<b>Total</b>
	<b>£</b>
Loss for the period	<u>(60,809)</u>
	<u>(60,809)</u>
<b>12. Reconciliation of movements in shareholders' funds</b>	<b>31/12/14</b>
	<b>£</b>
Loss for the period	(60,809)
Net proceeds of equity share issue	<u>100,000</u>
Net addition to shareholders' funds	<u>39,191</u>

**HIKVISION UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014****13. Financial commitments**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	<b>Other</b>
	<b>31/12/14</b>	<b>31/12/14</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within one year	32,144	-
Between one and five years	-	11,934
	<u>32,144</u>	<u>11,934</u>

**14. Ultimate parent undertaking**

The company is a 100% owned subsidiary of Hikvision Europe BV. This company is wholly owned by Hangzhou Hikvision Digital Technology Co Ltd, China.

**15. Controlling interest**

Hangzhou Hikvision Digital Technology Co Ltd, China is primarily owned by institutional investors

**16. Gross cash flows**

	<b>31/12/14</b>
	<b>£</b>
<b>Returns on investments and servicing of finance</b>	
Interest received	<u>43</u>
<b>Capital expenditure</b>	
Payments to acquire tangible assets	<u>(10,325)</u>
<b>Financing</b>	
Issue of ordinary share capital	<u>100,000</u>

**HIKVISION UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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**17. Analysis of changes in net funds**

	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	56,527	56,527
Overdrafts	(15,671)	(15,671)
	<u>40,856</u>	<u>40,856</u>
<b>Net funds</b>	<u><u>40,856</u></u>	<u><u>40,856</u></u>

**18. Related party transactions**

The company considers it is exempt from disclosing related party transactions with group companies on the basis that

- a) more than 90% of the voting rights are controlled within the group
- b) Consolidated accounts, including Hikvision UK Limited, are available in China.