

Company Registration No. 3318032

Axis Communications (UK) Limited

Annual Report and Financial Statements

For the year ended

31 December 2020



Axis Communications (UK) Limited

COMPANY INFORMATION

DIRECTORS

R Mauritsson
F Sjostrand
A Freij

SECRETARY

L Storäng

COMPANY NUMBER

3318032 (England and Wales)

REGISTERED OFFICE

1st Floor
1 Capability Green
Luton
LU1 3LU

AUDITOR

RSM UK Audit LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

BANKERS

Nordea Bank Abp
6h Floor, 5 Aldermanbury Square,
London
EC2V 7AZ

Axis Communications (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements of Axis Communications (UK) Limited for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of providing marketing and consultancy services to its parent company Axis Communications AB.

DIRECTORS

The following directors have held office since 1 January 2020:

R Mauritsson
F Sjostrand
A Freij

AUDITOR

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the board



Annika Freij
Director

27 May 2021

Axis Communications (UK) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS COMMUNICATIONS (UK) LIMITED

Opinion

We have audited the financial statements of Axis Communications (UK) Limited (the 'company') for the year ended 31 December 2020 which comprise profit and loss account and statement of retained earnings, balance sheet and notes to the financial statements, including significant accounting policies. 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS COMMUNICATIONS (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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS COMMUNICATIONS (UK) LIMITED

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax provision calculations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Reviewing accounting estimates for biases and evaluating whether the circumstances producing the bias, if any, represent a risk of material misstatement;
- Evaluating whether the business rationale (or the lack thereof) of any significant, unusual transactions and transactions outside the normal course of business suggested that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

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.

Use of our 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.

RSM UK Audit LLP

DAVID OLSSON (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Date 28 May 2021

Axis Communications (UK) Limited

PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED EARNINGS

For the year ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER		6,210,998	7,447,031
Administrative expenses		(5,841,949)	(6,958,098)
OPERATING PROFIT		<u>369,049</u>	<u>488,933</u>
Interest receivable and similar income		848	3,230
PROFIT BEFORE TAXATION		<u>369,897</u>	<u>492,163</u>
Taxation	2	(106,143)	(137,021)
PROFIT AFTER TAXATION		<u>263,754</u>	<u>355,142</u>
Retained earnings brought forward		475,788	420,646
Dividends		-	(300,000)
Retained earnings carried forward		<u>739,542</u>	<u>475,788</u>

Axis Communications (UK) Limited

BALANCE SHEET

31 December 2020

Company Registration No. 3318032

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	3	191,276	383,016
CURRENT ASSETS			
Debtors	4	748,395	330,476
Cash at bank and in hand		493,823	655,749
		1,242,218	986,225
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	5	(654,575)	(849,949)
NET CURRENT ASSETS		587,643	136,276
TOTAL ASSETS LESS CURRENT LIABILITIES		778,919	519,292
DEFERRED TAX		(9,377)	(13,504)
NET ASSETS		769,542	505,788
CAPITAL AND RESERVES			
Called up share capital	6	30,000	30,000
Profit and loss account		739,542	475,788
TOTAL EQUITY		769,542	505,788

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 14 were approved by the board of directors and authorised for issue on 27 May 2021 and are signed on its behalf by:


Annika Freij
Director

Axis Communications (UK) Limited

ACCOUNTING POLICIES

COMPANY INFORMATION

Axis Communications (UK) Limited ('the Company') is a private company limited by shares domiciled and incorporated in England and Wales. The address of the company's registered office and principal place of business is 1st Floor, 1 Capability Green, Luton LU1 3LU.

BASIS OF PREPARATION

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 as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied.

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 £1.

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

GOING CONCERN

The company operates on a cost-plus basis and is therefore dependent on an associated group undertaking for future revenue and cash flows. The directors have requested and received confirmation from the immediate parent undertaking, Axis Communications AB ('Axis AB'), that the parent will provide such operational support as required to ensure the company can continue to trade for a period of at least 12 months from the date of approval of these financial statements. The directors note the continued impact of the Covid-19 pandemic post year end. Axis AB is expected to trade profitably in 2021 and has substantial cash and equity reserves. The directors are therefore satisfied that Axis AB. is able to provide the support as undertaken.

TURNOVER

Turnover represents a recharge of expenses plus a mark-up to its parent undertaking and is recognised as the relevant expenses are incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on all assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Computer equipment	33% on cost
Fixtures, fittings & equipment	20% on cost
Leasehold improvements	20% on cost

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Axis Communications (UK) Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

Recognition and measurement

All of the company's financial assets are classified as loans and receivables. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition.

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All of the company's loans and receivables are included in current assets. The Company's loans and receivables comprise other debtors, amounts due from group undertakings, accrued income and 'cash and cash equivalents' in the statement of financial position.

All of the company's financial liabilities comprising trade creditors, amounts owed to group undertakings, dilapidation provision and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets- assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

FINANCIAL INSTRUMENTS

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Axis Communications (UK) Limited

ACCOUNTING POLICIES

SHARE CAPITAL

Ordinary shares are classified as equity.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their varying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

LEASED ASSETS

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

DIVIDEND DISTRIBUTION

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

PENSION CONTRIBUTIONS

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit or loss in the year they are payable.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates and monetary assets and liabilities denominated in foreign currencies are taken to the profit or loss.

Axis Communications (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was 45 (2019 – 44).

The directors are remunerated via a parent undertaking. It is not possible to apportion that amount pertaining to their services as directors of the company.

2	TAXATION	2020 £	2019 £
	Current tax:		
	UK corporation tax on profit of the year	110,270	140,615
	Total current tax	<u>110,270</u>	<u>140,615</u>
	Deferred taxation:		
	Origination and reversal of timing differences	(4,127)	(3,594)
	Total deferred tax	<u>(4,127)</u>	<u>(3,594)</u>
	Tax expense	<u>106,143</u>	<u>137,021</u>

3 TANGIBLE FIXED ASSETS

	Computer equipment £	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost:				
1 January 2020	13,374	570,097	178,586	762,057
31 December 2020	<u>13,374</u>	<u>570,097</u>	<u>178,586</u>	<u>762,057</u>
Depreciation:				
1 January 2020	13,374	290,187	75,480	379,041
Charged in the year	-	190,670	1,070	191,740
31 December 2020	<u>13,374</u>	<u>379,802</u>	<u>177,605</u>	<u>570,781</u>
Net book value:				
31 December 2020	-	190,295	981	191,276
1 January 2020	-	279,910	103,106	383,016

Axis Communications (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4	DEBTORS	2020 £	2019 £
	Other debtors	59,453	130,334
	Amounts owed from group undertakings	561,497	97,322
	Prepayments and accrued income	127,445	102,820
		<u>748,395</u>	<u>330,476</u>

5	CREDITORS: Amounts falling due within one year	2020 £	2019 £
	Trade creditors	109,496	185,752
	Amounts owed to group undertakings	49,142	51,577
	Corporation tax	7,542	136,971
	Other taxation and social security costs	119,978	105,767
	Accruals and deferred income	255,140	283,809
	Dilapidation provision	113,277	86,073
		<u>654,575</u>	<u>849,949</u>

6	SHARE CAPITAL	2020 £	2019 £
	Allotted, called up and fully paid: 30,000 ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

7 COMMITMENTS UNDER OPERATING LEASES

At 31 December the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	196,162	258,969
Between two and five years	913,065	200,112
	<u>1,109,227</u>	<u>459,081</u>

Axis Communications (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8 PARENT COMPANY

The immediate parent undertaking of the company is Axis Communications AB, a company incorporated in Sweden and is the smallest group for which group financial statements are drawn up.

The ultimate parent undertaking and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Canon Inc, a company incorporated in Japan.

Copies of group financial statements may be obtained from the Company Secretary, Canon Inc, 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo, 146-8501 Japan.