

REGISTERED NUMBER: 03379665 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

HOV GLOBAL SERVICES LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	6
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14

HOV GLOBAL SERVICES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:

V Robu
J G Reynolds

REGISTERED OFFICE:

10 Pond Wood Close
Northampton
NN3 6DF

REGISTERED NUMBER:

03379665 (England and Wales)

AUDITORS:

Butler & Co LLP
Chartered Accountants
& Statutory Auditor
Third Floor
126-134 Baker Street
London
W1U 6UE

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the year ended 31 December 2018.

HOV Global Services Limited is a wholly owned subsidiary of Dataforce Interact Holdings Limited and is principally engaged in providing specialised outsourced services in motor and healthcare insurance claims handling, including:

- (i) First Notification of Loss;
- (ii) Third Party capture - motor;
- (iii) Supplier deployment and vehicle repair management;
- (iv) Investigation, assessment, negotiation and settlement;
- (v) Recoveries; and
- (vi) Software solutions.

The Company and group wide strategy is to create a business that is recognised for producing innovative and integrated solutions to the insurance sector.

These objectives can be achieved through:

- a) fostering long term relationships with our clients through the provision of proactive, innovative solutions to support their primary business activities;
- b) further development of our bespoke in house software systems to ensure they continue to provide our clients with significant savings; and
- c) increasing the value that our clients create from their customers through our use of data analytics integrated with operational delivery.

REVIEW OF BUSINESS

The current economic environment continues to be challenging and, as a result, cost and margin control are of paramount importance to both the Company and its clients. With a clear focus around delivering and then measuring the return on investment, both within the business and on behalf of its clients, we believe we are well placed to sustain in these challenging times.

Although a number of initiatives aimed at reducing overheads and improving operating margins were put in place, there are a number of factors which haven't helped us to record a Profit. The vast majority of the corporate payroll costs are supported by HOV Global Services Limited. These corporate functions are servicing both operational companies GSL and DIL.

In addition to offering Claims Management services, the Company is also offering standalone software solutions to the motor insurance industry. This is a unique proposition for the sector as it allows clients and potential clients the ability to select where different parts of the process are carried out, to maximise cost reduction, expertise and quality. As pressure increases on operating ratios within the sector, this solution becomes more attractive.

RESULTS AND DIVIDENDS

The loss for the year to 31 December 2018, amounted to -£797,068 (2017: -£638,882). The Directors do not recommend a final dividend.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

**PRINCIPAL RISKS AND UNCERTAINTIES
RISKS AND UNCERTAINTIES**

Market Risks

The Company continues to operate in a competitive market with constant pressure on margins. This risk is managed by continuing efforts to improve efficiency and reduce costs. The Company is dependent on relationships with key customers. The Company generally does not have long-term agreements with some of these customers. A number of contracts are due to be renewed on a short to medium term basis and there is a limited exposure to the potential loss of business at the time of each renewal. If any of the top customers significantly reduces the amount of business they place with the Company, the revenue and operating results could be adversely affected.

Competition

The Company operates in a competitive market. If the Company does not continue to compete effectively by continuing to provide a high quality service the Company could lose clients and in consequence operating profits could be adversely affected. The Board has a number of initiatives to improve productivity. These initiatives focus on identifying more efficient ways of working either through process improvements or technological enhancements.

The business of the Company may be vulnerable to new competitors, increased price competition and declining levels of contract renewals. Any of these factors could adversely affect the business and prospects of the Company.

The Company monitors the performance of the business through detailed monthly operational and financial reporting, with comparison to budgets and updated forecasts being routinely made. In addition the Group maintains regular reviews and dialogue with the management of each of the Group's businesses.

Outlook

The outlook for the Company in 2019 is positive, in the last 18 months the Company has been trying to reduce overheads and improve its operating margins. The management teams are bedded in and making positive contributions in each area of our business.

However as with all businesses, the uncertainty in the economic environment has the potential to impact any management plan. The Company's performance is closely linked to the activity levels of its clients but with a wide and numerous client base, the Directors believe the Company is well placed to weather the economic conditions within reasonable boundaries.

Employees

The Company is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age or disability. Consultation and communication with employees remains an important focal point and is carried out via a variety of methods including employee forums, usage of the intranet, emails and team briefings. Over the year, the Company has invested in management development and succession planning to ensure retention and development of key individuals and to further progress the opportunities for the future. Biannual appraisals are undertaken to ensure employees know how they are performing and how performance can be improved. All Company activities support the regulatory environment in which it operates, including treating the customer fairly.

Cashflow

The Company monitors cash flow as a part of its normal activities. Cash positions are monitored daily and forecasts are discussed with the Board on a monthly basis to ensure that sufficient resources are available to support business growth.

ECONOMIC DOWNTURN AND GOING CONCERN

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Company monitors client activity forecasts on a monthly basis and therefore has strong visibility of forward revenues for a 3 to 6 month period. As a result, the Board is able to react within sufficient time to reset the cost base appropriately. The Group monitors the performance of each of its businesses through detailed monthly operational and financial reporting, with comparisons to budgets and updated forecasts being routinely made. In addition the Group maintains regular reviews and dialogue with the management of each of the Group's businesses.

At board level, the most important key performance measures are:

- underlying operating profit, calculated on continuing operations excluding exceptional items and one off charges; and
- gross margin, calculated on gross profit as a percentage of revenue.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries to the Group, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis, in preparing this annual report and financial statements.

ON BEHALF OF THE BOARD:

V Robu - Director

30 September 2019

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

V Robu
J G Reynolds

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Butler & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

V Robu - Director

30 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOV GLOBAL SERVICES LIMITED

Opinion

We have audited the financial statements of HOV Global Services Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2018 and of its loss 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.

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 Auditors' 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

The company has been able to continue operating and to meet its debts as and when they fall due. After making all appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Emphasis of matter - Going Concern

We are required to report in respect of the following matters where:

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

In forming our opinion, which is not modified, we have considered the disclosure in note 2 on page 13 which states that the ultimate parent company would continue to support the company to continue as a going concern.

This indicates the existence of material uncertainty over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOV GLOBAL SERVICES LIMITED

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

Matters on which we are required to report by exception

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

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page five, 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 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOV GLOBAL SERVICES LIMITED

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 a Report of the Auditors 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.

Sanjeev Phadke (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants
& Statutory Auditor
Third Floor
126-134 Baker Street
London
W1U 6UE

30 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
TURNOVER	3	411,945	760,802
Cost of sales		<u>914,113</u>	<u>1,124,933</u>
GROSS LOSS		(502,168)	(364,131)
Administrative expenses		<u>177,763</u>	<u>156,849</u>
OPERATING LOSS	6	(679,931)	(520,980)
Interest payable and similar expenses	8	<u>117,137</u>	<u>117,902</u>
LOSS BEFORE TAXATION		(797,068)	(638,882)
Tax on loss	9	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(797,068)	(638,882)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
FOR THE YEAR		<u>(797,068)</u>	<u>(638,882)</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Intangible assets	10		63,622		127,244
Tangible assets	11		<u>5,519</u>		<u>13,944</u>
			69,141		141,188
CURRENT ASSETS					
Debtors	12	1,637,958		1,982,882	
Cash at bank		<u>1,772</u>		<u>7,022</u>	
		1,639,730		1,989,904	
CREDITORS					
Amounts falling due within one year	13	<u>359,160</u>		<u>434,143</u>	
NET CURRENT ASSETS			<u>1,280,570</u>		<u>1,555,761</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,349,711		1,696,949
CREDITORS					
Amounts falling due after more than one year	14		<u>4,610,126</u>		<u>4,160,296</u>
NET LIABILITIES			<u>(3,260,415)</u>		<u>(2,463,347)</u>
CAPITAL AND RESERVES					
Called up share capital	16		2,467,121		2,467,121
Retained earnings	17		<u>(5,727,536)</u>		<u>(4,930,468)</u>
SHAREHOLDERS' FUNDS			<u>(3,260,415)</u>		<u>(2,463,347)</u>

The financial statements were authorised for issue by the Board of Directors on 30 September 2019 and were signed on its behalf by:

V Robu - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	2,467,121	(4,291,586)	(1,824,465)
Changes in equity			
Total comprehensive income	-	(638,882)	(638,882)
Balance at 31 December 2017	<u>2,467,121</u>	<u>(4,930,468)</u>	<u>(2,463,347)</u>
Changes in equity			
Total comprehensive income	-	(797,068)	(797,068)
Balance at 31 December 2018	<u>2,467,121</u>	<u>(5,727,536)</u>	<u>(3,260,415)</u>

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	111,887	105,549
Interest paid		<u>(117,137)</u>	<u>(117,902)</u>
Net cash from operating activities		<u>(5,250)</u>	<u>(12,353)</u>
Decrease in cash and cash equivalents		<u>(5,250)</u>	<u>(12,353)</u>
Cash and cash equivalents at beginning of year	2	7,022	19,375
Cash and cash equivalents at end of year	2	<u><u>1,772</u></u>	<u><u>7,022</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Loss before taxation	(797,068)	(638,882)
Depreciation charges	72,047	34,440
Group balance	782,648	-
Finance costs	<u>117,137</u>	<u>117,902</u>
	174,764	(486,540)
Decrease in trade and other debtors	12,106	73,849
(Decrease)/increase in trade and other creditors	<u>(74,983)</u>	<u>518,240</u>
Cash generated from operations	<u><u>111,887</u></u>	<u><u>105,549</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	<u>1,772</u>	<u>7,022</u>

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u>7,022</u>	<u>19,375</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

HOV Global Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a consistent basis in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies is set out below.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised over the period of each contract on a time apportionment basis, having regard, where appropriate, to the activity levels required by the contractual terms. Turnover relates solely to services provided to clients during the period and is stated net of value added tax. No credit is taken to the profit and loss account in respect of receipts for services to be rendered in subsequent accounting periods. Amounts received for this are credits to deferred income.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separate net assets of the businesses acquired. Goodwill is amortised on a straight line basis over 20 years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Computer equipment & software 3 - 5 years

Office equipment, fixtures & fittings 5 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Pension costs in respect of defined contribution pension schemes are charged to the profit and loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**2. ACCOUNTING POLICIES - continued****Going concern**

The company has been able to continue operating and to meet its debts as and when they fall due. After making all appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis. The company has also received a confirmation of continued support from DFG2 LLC, the ultimate parent company.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into the replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the Director considers 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 period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018	2017
	£	£
Motor claims handling services	30,047	353,202
Healthcare & Nursing services	381,898	407,600
	<u>411,945</u>	<u>760,802</u>

An analysis of turnover by geographical market for the year ended 31 December 2017 is given below:

	£
United Kingdom	<u>760,802</u>
	<u>760,802</u>

This analysis is not considered to be applicable to the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**4. EMPLOYEES AND DIRECTORS**

	2018	2017
	£	£
Wages and salaries	722,003	785,063
Social security costs	68,778	96,018
Other pension costs	14,788	7,490
	<u>805,569</u>	<u>888,571</u>

The average number of employees during the year was as follows:

	2018	2017
Operations	10	24
Administration & management	<u>3</u>	<u>3</u>
	<u>13</u>	<u>27</u>

5. DIRECTORS' EMOLUMENTS

The directors emoluments for the year is £231,425 (2017 - £214,586).

6. OPERATING LOSS

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	8,425	2,630
Goodwill amortisation	<u>63,622</u>	<u>31,811</u>

7. AUDITORS' REMUNERATION

The audit remuneration of £15,900 (2017: £14,400) includes fees of £800 (2017: nil) for non audit services.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Interest payable	<u>117,137</u>	<u>117,902</u>

9. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Loss before tax	<u>(797,068)</u>	<u>(638,882)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	(151,443)	(121,388)
Effects of: Depreciation in excess of capital allowances	(46,770)	2,622
Losses carried forward	<u>198,213</u>	<u>118,766</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors affecting tax for the year

A potential deferred tax asset of £1,404,607 (2017: £1,404,617) has not been recognised as there is insufficient evidence that the asset will be recoverable.

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2018 and 31 December 2018	<u>240,063</u>
AMORTISATION	
At 1 January 2018	112,819
Amortisation for year	<u>63,622</u>
At 31 December 2018	<u>176,441</u>
NET BOOK VALUE	
At 31 December 2018	<u>63,622</u>
At 31 December 2017	<u>127,244</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

11. TANGIBLE FIXED ASSETS

	Computer equipment & software £	Office equipment, fixture & fittings £	Assets in course of constructions £	Totals £
COST				
At 1 January 2018 and 31 December 2018	<u>1,023,732</u>	<u>109,744</u>	<u>14,946</u>	<u>1,148,422</u>
DEPRECIATION				
At 1 January 2018	1,023,489	109,744	1,245	1,134,478
Charge for year	<u>81</u>	<u>-</u>	<u>8,344</u>	<u>8,425</u>
At 31 December 2018	<u>1,023,570</u>	<u>109,744</u>	<u>9,589</u>	<u>1,142,903</u>
NET BOOK VALUE				
At 31 December 2018	<u>162</u>	<u>-</u>	<u>5,357</u>	<u>5,519</u>
At 31 December 2017	<u>243</u>	<u>-</u>	<u>13,701</u>	<u>13,944</u>

12. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	60,638	100,723
Other debtors	128,856	98,922
Prepayments and accrued income	<u>5,426</u>	<u>7,381</u>
	<u>194,920</u>	<u>207,026</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,443,038</u>	<u>1,775,856</u>
Aggregate amounts	<u>1,637,958</u>	<u>1,982,882</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	54,086	110,347
Social security and other taxes	45,243	35,666
VAT	53,728	55,821
Other creditors	126,672	109,343
Pension	1,422	1,670
Accruals and deferred income	<u>78,009</u>	<u>121,296</u>
	<u>359,160</u>	<u>434,143</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018	2017
	£	£
Amounts owed to group undertakings	<u>4,610,126</u>	<u>4,160,296</u>

Amounts owed to group undertakings is made up of the principal outstanding on a revolving debt facility with a group company, DFG2 LLC of £875,075 (2017: £892,404) which is reassigned from RC GPM LLC (subsidiary of Rustic Canyon LLC) to DFG2, LLC as on 1 December 2012. The loan is repayable on demand and has an interest rate of 12%. The interest payable in respect of this loan charged to profit and loss account is £115,528..

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	20,770	19,923
Between one and five years	<u>5,224</u>	<u>5,097</u>
	<u>25,994</u>	<u>25,020</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
2,467,121	Ordinary shares	£1	<u>2,467,121</u>	<u>2,467,121</u>

17. RESERVES

	Retained earnings
	£
At 1 January 2018	(4,930,468)
Deficit for the year	<u>(797,068)</u>
At 31 December 2018	<u>(5,727,536)</u>

18. OTHER FINANCIAL COMMITMENTS

There is a fixed and floating charge over the undertaking and all property and assets and future in relation to all money due from HOV Global Services Limited, held by DFG2 LLC.

The company has following charges relating to the rent deposits:

11/12/2009 The Mayor and Commonality and Citizens of the City of London £3,527.

25/01/2011 Lucas Industries Limited £55,634.

18/07/2006 Lucas Industries Limited £87,599.

The above deposits may be subject to dilapidation adjustments if any, which cannot be quantified at this stage.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

19. IMMEDIATE AND ULTIMATE HOLDING UNDERTAKINGS

The Company's immediate parent is Dataforce Interact Holdings Limited whose parent is DFG UK LLC, a company registered in the USA.

The ultimate parent undertaking with effect from 1 December 2013 is DFG2 LLC, a company incorporated in the USA. Prior to 1 December 2012 Rustic Canyon LLC was the ultimate parent of the Company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.