

Company Registration No. 05275613 (England and Wales)

HOLOVIS INTERNATIONAL LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2018



HOLOVIS INTERNATIONAL LTD

COMPANY INFORMATION

Directors	S A Hetherington J S R Jurado A D Brown C S Chan C H Zen
Secretary	J B Hetherington
Company number	05275613
Registered office	The Brick Barn Bittesby Campus Mere Lane Lutterworth Leicestershire LE17 4JH
Auditor	RSM UK Audit LLP Chartered Accountants Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD

HOLOVIS INTERNATIONAL LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

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

Fair review of the business

The Company's performance indicators remain in line with the Director's expectations as the company continues to heavily invest in its future growth plans. The year saw significant reinvestment of funds back into the business which will provide an exciting and profitable innovation-led platform over the medium term. With this strategy, the Directors believe that the company will be well placed to take advantage of significant opportunities in all its international markets. Despite a slight decrease in turnover compared to £14.6m in 2017, the Gross Profit margin has significantly increased. This continued focus on re-investment in the business including in personnel and research and development caused a modest negative cash flow but the company still maintains significant cash balances.

As at 31 January 2018 the company had shareholders' funds in excess of £1,725k (2016: £1,428k) including cash balances of £1,860k (2016: £1,962k) and net current assets of £1,161k (2016: £775k).

The Directors are satisfied with the company's performance during the year and believe that the strategy of reinvestment in infrastructure and on product development will result in a positive future for the company.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The Directors have set out the principle risks below and remain vigilant in keeping these risks under constant review, adopting risk mitigation strategies where possible and practical.

Growth

The company sees the demands for its products and services remaining strong. Investment, both financial and in product development, has been a key focus for the company during the year. The Directors have sought to generate external financial investment opportunities which will allow significant growth in new products and markets and they expect this investment to generate increasing returns in the short term. The Directors are also conscious of the requirement to ensure adequate resources are made available to satisfy the growth in demand of its products whilst maintaining appropriate working capital cover.

Macro-Economic & Competitive Environments

The potential impact in global macro-economic environment on the business is continually monitored as the company trades with many international businesses. The Directors review the businesses' portfolio by geography, market sector and product type and seek to minimise exposure to a single negative event or downward direction of demand. The Directors realise the competitive pressures in the market and ensure the company is flexible and highly responsive to customer demands, but with their counter-cyclical business mix and geographical spread the company is well placed to cope with shocks to local market conditions.

People

The success of HoloVis is built on the strength of its people. The year has seen a continuing emphasis on ensuring the best people are recruited and retained within the business. This has led to an increase of 17% on average employee numbers. Only by attracting and retaining the best quality employees the company will be able to meet the demanding needs of its customers. The directors constantly monitor the reward and recognition policies and continue to invest in people development at levels above industry norms.

HOLOVIS INTERNATIONAL LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Financial instruments

The company does not currently have the need to deploy any complex financial instruments but utilises standard banking instruments and credit facilities in order to facilitate the company's operations. The company uses standard financial tools to effectively manage its trade debtors and creditors, which also arise directly from its operations.

The Board reviews and agrees policies for managing each of the financial risks and they are summarised below:

Interest rate risk

The company's exposure to market risk for changes in interest rates primarily relates to short term debt facilities which remain available. The company's exposure to interest rate fluctuations is currently minimal as it is largely able to finance itself from working capital.

Credit risk

The company trades with only recognised, creditworthy third parties. All new corporate entities asking for a credit facility are thoroughly credit checked beforehand. In addition, contracts entered into, are arranged on terms whereby stage payments are requested in advance of completing agreed work, which minimises the company exposure to bad debts. This makes all projects self-funded.

Liquidity and cash flow risk

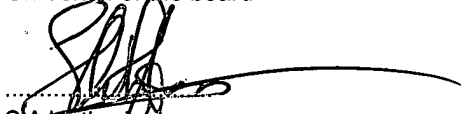
The company's objective is to maintain a balance between continuity of funding and business flexibility through the use of available banking facilities and finance lease agreements.

The company's exposure to price risk is not material for the assessment of the assets, liabilities, financial position and profit of the company.

Currency risk

As the company further develops its international trade, the company will continue to monitor its foreign exchange risk. Short term currency demands are planned to minimise exposure to exchange losses.

On behalf of the board



S A Hetherington

Director

13th June 2018

HOLOVIS INTERNATIONAL LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their annual report and financial statements for the year ended 31 January 2018.

Principal activities

The principal activities of the company are that of the designing and building of complete turn-key multi-sensory transformational immersive and interactive solutions, experiences and attractions for a diverse range of clients in theme parks, FEC's (family entertainment centres) and entertainment venues and to automotive, architectural and industrial design sectors.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S A Hetherington

J S R Jurado

A D Brown

(Appointed 6 February 2018)

C S Chan

(Appointed 6 February 2018)

C H Zen

(Appointed 6 February 2018)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Research and development

The company undertakes a continual programme of research and development in the area of multi-sensory design. We believe continued investment in our research and development is fundamental to the continuing growth of the business.

Future developments

The directors believe that through external financial investment, the company will see a successful and sustainable level of growth over future years. The company will then have the ability to fund further access to new markets and develop new products. The company will also continue to re-invest heavily in the business to both deepen and extend the company's competitive advantage.

Auditor

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments.

HOLOVIS INTERNATIONAL LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S.A. Hetherington
Director

Date: 13th June 2018

HOLOVIS INTERNATIONAL LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors are responsible for preparing the Strategic Report and 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 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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLOVIS INTERNATIONAL LTD

Opinion

We have audited the financial statements of Holovis International Ltd (the 'company') for the year ended 31 January 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and 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 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 January 2018 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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 continue 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.

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. 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLOVIS INTERNATIONAL LTD (CONTINUED)

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 and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

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 this 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

Gareth Jones (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire, LE19 1SD
18/6/18

HOLOVIS INTERNATIONAL LTD

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	2017 £
Turnover	3	12,622,531	14,560,406
Cost of sales		(7,018,696)	(10,030,396)
Gross profit		5,603,835	4,530,010
Administrative expenses		(5,483,409)	(4,275,790)
Other operating income		2,500	40,466
Operating profit	6	122,926	294,686
Interest receivable and similar income	7	30	131,207
Interest payable and similar expenses	8	(87,517)	(18,090)
Profit before taxation		35,439	407,803
Tax on profit	9	261,403	59,025
Profit for the financial year		296,842	466,828
Retained earnings brought forward		1,328,441	861,613
Retained earnings carried forward		1,625,283	1,328,441

HOLOVIS INTERNATIONAL LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 JANUARY 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	10		5,151		35,606
Tangible assets	11		601,243		710,546
			<u>606,394</u>		<u>746,152</u>
Current assets					
Stocks	12	25,710		199,799	
Debtors	13	3,031,819		1,457,364	
Cash at bank and in hand		1,859,592		1,961,616	
		<u>4,917,121</u>		<u>3,618,779</u>	
Creditors: amounts falling due within one year	14	<u>(3,756,433)</u>		<u>(2,843,685)</u>	
Net current assets			<u>1,160,688</u>		<u>775,094</u>
Total assets less current liabilities			<u>1,767,082</u>		<u>1,521,246</u>
Creditors: amounts falling due after more than one year	15		(13,822)		(53,647)
Provisions for liabilities	18		(27,977)		(39,158)
Net assets			<u><u>1,725,283</u></u>		<u><u>1,428,441</u></u>
Capital and reserves					
Called up share capital	21		100,000		100,000
Profit and loss reserves	23		1,625,283		1,328,441
Total equity			<u><u>1,725,283</u></u>		<u><u>1,428,441</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13th June 2018 and are signed on its behalf by:


S. A. Hetherington
Director

HOLOVIS INTERNATIONAL LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	22	119,346		1,147,178	
Interest paid		(25,032)		(18,090)	
Income taxes refunded		168,437		167,760	
Net cash inflow from operating activities		262,751		1,296,848	
Investing activities					
Purchase of intangible assets		-		(6,193)	
Purchase of tangible fixed assets		(186,858)		(281,572)	
Proceeds on disposal of tangible fixed assets		3,600		3,189	
Proceeds from other investments and loans		-		26	
Interest received		30		478	
Net cash used in investing activities		(183,228)		(284,072)	
Financing activities					
Payment of finance leases obligations		(119,062)		(138,355)	
Net cash used in financing activities		(119,062)		(138,355)	
Net (decrease)/increase in cash and cash equivalents		(39,539)		874,421	
Cash and cash equivalents at beginning of year		1,961,616		956,466	
Effect of foreign exchange rates		(62,485)		130,729	
Cash and cash equivalents at end of year		1,859,592		1,961,616	

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

Company information

Holovis International Ltd (company registered no. 05275613) is a private company limited by shares domiciled and incorporated in England and Wales. The registered office and principal place of business is The Brick Barn, Bittesby Campus, Mere Lane, Lutterworth, Leicestershire, LE17 4JH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £.

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

Going concern

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the company's resources and the challenges presented by the current economic climate, the directors are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts.

Project income

Project income is the recognition of turnover from project contracts and is set out in the turnover note on page 17.

Where the outcome of a project contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a project contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of staff time incurred for work performed to date compared to the estimated total staff time. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (Continued)

Contract support

Turnover with respect to contract support is recognised on a straight line basis over the term of the support contract. The amounts of the income which have not been recognised as turnover in the year are included as deferred income at the balance sheet date.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Computer software	33.3% straight line
-------------------	---------------------

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in the statement of income.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Improvements to short leasehold property	20% straight line
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	15% reducing balance and 33.3% straight line
Motor vehicles	25% reducing balance

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (Continued)

Impairment of fixed assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of income.

Reversals of impairment losses are also recognised in the statement of income.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' (where applicable) of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, accruals and finance leases are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the statement of income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. *Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.* Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to the statement of income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in other operating income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the statement of income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Stocks and long term contracts

In order to assess the appropriateness of the carrying value of stock, the company is required to make estimations of sales prices, costs and margins expected on contracts in order to determine whether any write-downs or reversals are required to ensure stock is stated at the lower of cost and net realisable value.

The company has undertaken a detailed review on a contract-by-contract basis of the net realisable value of its work in progress. The net realisable value exercise is highly sensitive to the assumptions used and we therefore also consider when the stock is likely to be realised, whether or not there has been a sustained change in market conditions that previously caused the stock to be written down and the wide economic environment existing at the balance sheet date.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

The assessment of the useful economic lives, residual values and the method of depreciating fixed assets requires judgement. Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified.

Impairment of debtors

Debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgment from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and historical experience.

Stage of completion on long term contracts

The assessment of the stage of completion on long term contracts requires judgement from the management team.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Project income	11,935,512	13,966,831
Contract support income	687,019	593,575
	<u>12,622,531</u>	<u>14,560,406</u>
	2018 £	2017 £
Other revenue		
Interest income	30	478
Grants received	2,500	40,466
	<u></u>	<u></u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
UK	7,199,486	3,448,986
Rest of Europe	36,088	16,545
China	1,718,859	2,061,379
Dubai	1,398,615	2,097,044
Rest of Asia	951,049	5,860,331
America	1,189,600	1,076,121
Rest of world	128,834	-
	<u>12,622,531</u>	<u>14,560,406</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
UK employees	94	81
Overseas employees	4	3
	<u>98</u>	<u>84</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,916,962	3,482,264
Social security costs	427,581	368,980
Pension costs	250,503	177,144
	<u>4,595,046</u>	<u>4,028,388</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	258,408	260,016
Company pension contributions to defined contribution schemes	23,000	95,504
	<u>281,408</u>	<u>355,520</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits accrued under defined contribution schemes amounted to 2 (2017 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	132,243	99,340
Company pension contributions to defined contribution schemes	13,000	45,004

6 Operating profit

	2018	2017
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	92,009	(66,283)
Research and development costs	317,745	82,069
Government grants	(2,500)	(40,466)
Fees payable to the company's auditor for the audit of the company's financial statements	15,645	12,620
Depreciation of owned tangible fixed assets	253,920	210,291
Depreciation of tangible fixed assets held under finance leases	41,786	81,267
Profit on disposal of tangible fixed assets	(3,145)	(886)
Amortisation of intangible assets	30,455	29,735
Cost of stocks recognised as an expense	4,635,216	8,116,974
Operating lease charges	237,299	96,406

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	30	478
Other income from investments		
Exchange differences	-	130,729
Total income	30	131,207

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	30	478
--	----	-----

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

8 Interest payable and similar expenses

	2018 £	2017 £
Other finance costs:		
Interest on finance leases and hire purchase contracts	25,032	18,090
Exchange differences	62,485	-
	<u>87,517</u>	<u>18,090</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	-	81,785
Adjustments in respect of prior periods	(250,222)	(167,760)
Total current tax	<u>(250,222)</u>	<u>(85,975)</u>
Deferred tax		
Origination and reversal of timing differences	22,814	31,520
Adjustment in respect of prior periods	(33,995)	(4,570)
Total deferred tax	<u>(11,181)</u>	<u>26,950</u>
Total tax credit	<u>(261,403)</u>	<u>(59,025)</u>

The total tax credit for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>35,439</u>	<u>407,803</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.16% (2017: 20.00%)	6,790	81,561
Tax effect of expenses that are not deductible in determining taxable profit	6,667	33,108
Adjustments in respect of prior years	(250,211)	(167,760)
Other permanent differences	193	-
Deferred tax adjustments in respect of prior years	(33,995)	(4,570)
Permanent fixed asset differences	12,054	4,697
Effect of change in deferred tax rate	(2,901)	(6,061)
Taxation credit for the year	<u>(261,403)</u>	<u>(59,025)</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

9 Taxation (Continued)

Legislation to reduce the main rate of corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 has been substantively enacted before the period end. The deferred tax balances within these financial statements have been reassessed to reflect these rate reductions and the period in which any related timing differences are expected to reverse.

10 Intangible fixed assets

	Computer software £
Cost	
At 1 February 2017 and 31 January 2018	91,366
Amortisation	
At 1 February 2017	55,760
Amortisation charged for the year	30,455
At 31 January 2018	86,215
Carrying amount	
At 31 January 2018	5,151
At 31 January 2017	35,606

The amortisation for the year is included within administrative expenses.

The net carrying value at the year end of intangible assets in respect of assets held under finance leases is £2,366 (2017- £30,757) and the amortisation charge in respect of such assets amounted to £28,391 (2017 - £28,391) for the year.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

11 Tangible fixed assets

	Improvements to short leasehold property	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 February 2017	402,690	-	69,273	1,464,864	33,112	1,969,939
Additions	1,373	114,845	-	70,640	-	186,858
Disposals	-	-	-	(115,620)	-	(115,620)
At 31 January 2018	404,063	114,845	69,273	1,419,884	33,112	2,041,177
Depreciation and impairment						
At 1 February 2017	214,595	-	26,028	988,024	30,746	1,259,393
Depreciation charged in the year	51,398	-	10,811	232,905	592	295,706
Eliminated in respect of disposals	-	-	-	(115,165)	-	(115,165)
At 31 January 2018	265,993	-	36,839	1,105,764	31,338	1,439,934
Carrying amount						
At 31 January 2018	138,070	114,845	32,434	314,120	1,774	601,243
At 31 January 2017	188,095	-	43,245	476,840	2,366	710,546

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2018 £	2017 £
Plant and machinery	-	6,560
Fixtures, fittings and equipment	30,475	81,628
Improvements to leasehold property	87,077	119,099
	117,552	207,287
Depreciation charge for the year in respect of leased assets	41,786	81,267

12 Stocks

	2018 £	2017 £
Work in progress	25,710	199,799

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

13 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,534,555	1,332,749
Other debtors	705	28,462
Prepayments and accrued income	496,559	96,153
	<u>3,031,819</u>	<u>1,457,364</u>

Included within debtors are £225,000 (2017: £nil) worth of debtors which are impaired.

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	16	53,374	132,611
Payments received on account		-	29,648
Trade creditors		410,050	660,499
Corporation tax		-	81,785
Other taxation and social security		315,154	312,121
Other creditors		42,233	20,438
Accruals and deferred income		2,935,622	1,606,583
		<u>3,756,433</u>	<u>2,843,685</u>

15 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	16	13,822	53,647
		<u>13,822</u>	<u>53,647</u>

16 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Less than one year	53,374	132,611
Between one and five years	13,822	53,647
	<u>67,196</u>	<u>186,258</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

16 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company for certain items of computer software, plant and machinery, and fixtures, fittings and equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured against the assets to which they relate.

17 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,535,260	1,361,211
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,890,258	1,783,682
	<u> </u>	<u> </u>

18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	27,977	39,158
		<u> </u>	<u> </u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	40,703	39,158
Tax losses	(9,218)	-
Short term timing differences	(3,508)	-
	<u>27,977</u>	<u>39,158</u>
Movements in the year:		2018 £
Liability at 1 February 2017		39,158
Credit to profit or loss		(11,181)
		<u> </u>
Liability at 31 January 2018		<u>27,977</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

20 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	250,503	177,144

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Included within accruals at the year end was £20,632 (2017: £nil) payable with respect to pension contributions.

21 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

22 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	296,842	466,828
Adjustments for:		
Taxation credited	(261,403)	(59,025)
Finance costs	87,517	18,090
Investment income	(30)	(131,207)
Gain on disposal of tangible fixed assets	(3,145)	(886)
Amortisation and impairment of intangible assets	30,455	29,735
Depreciation and impairment of tangible fixed assets	295,706	291,558
Movements in working capital:		
Decrease in stocks	174,089	160,510
(Increase)/decrease in debtors	(1,574,455)	1,153,289
Increase/(decrease) in creditors	1,073,770	(781,714)
Cash generated from operations	<u>119,346</u>	<u>1,147,178</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

23 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

24 Operating lease commitments

Lessee

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

	2018 £	2017 £
Within one year	164,202	24,102
Between one and five years	461,979	-
	<u>626,181</u>	<u>24,102</u>

25 Directors' transactions

Interest free loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
S A Hetherington - Loan	-	(192)	12,205	(11,448)	565
		<u>(192)</u>	<u>12,205</u>	<u>(11,448)</u>	<u>565</u>

The outstanding loan balance is payable on demand.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is as follows.

	2018 £	2017 £
Aggregate compensation	<u>571,475</u>	<u>686,393</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

27 Post balance sheet events

On 6 February 2018, as part of a process to raise finance for investment in the future growth of the business, the entire share capital of the company was acquired by Predaptive OD Limited, which on this date became the immediate and ultimate parent undertaking of the company. As a result of this process, A D Brown became the ultimate controlling party on 6 February 2018. This process also involved loan finance being received, both in the company and Predaptive OD Limited, from a third party investor. The third party investor also registered a charge over the assets of the company.