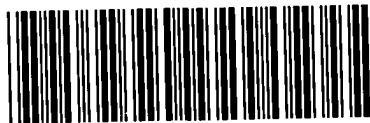


Company Registration No. 07487684 (England and Wales)

HUTCHINSON NETWORKS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
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HUTCHINSON NETWORKS LIMITED

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HUTCHINSON NETWORKS LIMITED

Report To The Directors On The Preparation Of The Unaudited Statutory Accounts Of Hutchinson Networks Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Hutchinson Networks Limited for the year ended 31 December 2017 which comprise and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants of Scotland, we are subject to its ethical and other professional requirements which are detailed at www.icas.com/accountspreparationguidance.

This report is made solely to the Board of Directors of Hutchinson Networks Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Hutchinson Networks Limited and state those matters that we have agreed to state to the Board of Directors of Hutchinson Networks Limited, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants of Scotland as detailed at www.icas.com/accountspreparationguidance. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hutchinson Networks Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Hutchinson Networks Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Hutchinson Networks Limited. You consider that Hutchinson Networks Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Hutchinson Networks Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Condle & Co

Chartered Accountants

4 June 2018

10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

HUTCHINSON NETWORKS LIMITED

Statement Of Financial Position

As At 31 December 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		423,087		230,264
Tangible assets	5		453,005		439,053
Investments	6		1		1
			<u>876,093</u>		<u>669,318</u>
Current assets					
Stocks		59,492		61,836	
Debtors	7	2,610,708		1,355,294	
Cash at bank and in hand		<u>909,531</u>		<u>282,341</u>	
		3,579,731		1,699,471	
Creditors: amounts falling due within one year	8	<u>(3,692,216)</u>		<u>(1,717,915)</u>	
Net current liabilities			<u>(112,485)</u>		<u>(18,444)</u>
Total assets less current liabilities			763,608		650,874
Creditors: amounts falling due after more than one year	9		(123,428)		(292,698)
Provisions for liabilities			<u>(95,368)</u>		<u>(59,032)</u>
Net assets			<u>544,812</u>		<u>299,144</u>
Capital and reserves					
Called up share capital	10		44		44
Profit and loss reserves			<u>544,768</u>		<u>299,100</u>
Total equity			<u>544,812</u>		<u>299,144</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

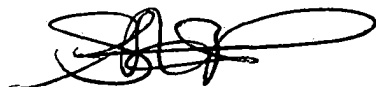
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the board of directors and authorised for issue on 31 May 2018 and are signed on its behalf by:

Mr S Heslop
Director



Company Registration No. 07487684

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements

For The Year Ended 31 December 2017

1 Accounting policies

Company information

Hutchinson Networks Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4 Harecroft Lane, Ickenham, Uxbridge, Middlesex, UB10 8FD.

1.1 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

1.3 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.

1.4 Intangible fixed assets other than goodwill

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

Development Costs	20% straight line
-------------------	-------------------

Amortisation starts when the related product is usable in the manner intended by management.

1.5 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:

Tenants Improvements	in line with remaining lease term
Plant and machinery	33% straight line
Fixtures, fittings & equipment	15% reducing balance

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

1 Accounting policies

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 profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Work in progress

The company has assessed the value of work in progress in line with FRS 102. All cases which were in progress at the period end date have been assessed for their degree of completion at that date and a proportion of the fee charged for the work has been taken as the value of work-in-progress. With an element of the profit to arise on completion of the work recognised in the valuation. Provision is made for any amounts which are considered to be non recoverable.

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

1 Accounting policies

1.9 Financial Instruments

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

Financial instruments are recognised in the company's statement of financial position 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.

1.10 Equity instruments

Equity instruments issued by the company are recorded at 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.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

1 Accounting policies

1.14 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 lease asset are consumed.

1.15 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 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.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 58 (2016 - 44).

3 Directors' remuneration

	2017 £	2016 £
Remuneration paid to directors	285,025	145,681
Dividends paid to directors	11,760	19,600

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

4 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 2017	230,264
Additions	192,823
	<u>423,087</u>
At 31 December 2017	423,087
Amortisation and impairment	
At 1 January 2017 and 31 December 2017	-
Carrying amount	
At 31 December 2017	423,087
At 31 December 2016	230,264

In April 2017 the company had a valuation prepared by IP Pragmatics of the Intellectual Property of the company which resulted in a valuation of £861,711. This valuation has not been included in the financial statements.

5 Tangible fixed assets

	Tenants improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2017	47,732	407,336	30,944	486,012
Additions	-	34,341	736	35,077
Disposals	-	(17,160)	-	(17,160)
	<u>47,732</u>	<u>424,517</u>	<u>31,680</u>	<u>503,929</u>
At 31 December 2017	47,732	424,517	31,680	503,929
Depreciation and impairment				
At 1 January 2017	16,180	23,540	7,240	46,960
Depreciation charged in the year	9,708	7,814	3,602	21,124
Eliminated in respect of disposals	-	(17,160)	-	(17,160)
	<u>25,888</u>	<u>14,194</u>	<u>10,842</u>	<u>50,924</u>
At 31 December 2017	25,888	14,194	10,842	50,924
Carrying amount				
At 31 December 2017	21,844	410,323	20,838	453,005
At 31 December 2016	31,552	383,796	23,705	439,053

Assets with a carrying amount of £453,005 (2016 - £439,053) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

6 Fixed asset investments

	2017 £	2016 £
Investments	<u>1</u>	<u>1</u>

The investment has been recorded at cost.

The company owns 100% of the issued share capital of Hutchinson Networks US Inc, a company incorporated in the USA. Hutchinson Networks US Inc provides IT network services in North America.

Under the provision of section 399 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

7 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,263,600	692,557
Corporation tax recoverable	-	15,989
Other debtors	520,307	453,084
Prepayments and accrued income	<u>826,801</u>	<u>193,664</u>
	<u>2,610,708</u>	<u>1,355,294</u>

8 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts		977,878	429,767
Obligations under finance leases		56,451	131,853
Trade creditors		1,646,574	636,624
Corporation tax		68,752	-
Other taxation and social security		209,390	177,183
Other creditors		188,621	142,609
Accruals and deferred income		<u>544,550</u>	<u>199,879</u>
		<u>3,692,216</u>	<u>1,717,915</u>

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

9 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases		2,267	54,183
Other borrowings		121,161	238,515
		<u>123,428</u>	<u>292,698</u>

Clydesdale Bank Plc Invoice Finance hold a fixed and floating charge over the assets of the company dated 7 July 2016.

A personal guarantee has been given by all directors to Lombard North Central Plc for all outstanding lease liabilities. The balance outstanding to Lombard North Centre Plc at 31 December 2017 was £49,105 (2016: £159,944).

10 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
880 Ordinary "A" shares of 4p each	35	35
220 Ordinary "B" shares of 4p each	9	9
	<u>44</u>	<u>44</u>

The ordinary 'A' and ordinary 'B' shares rank equally with regard to voting and participation. With regards to dividends the shares rank pari passu except that dividends on the 'B' shares relate only to earnings accrued after 31 December 2013.

On 6th April 2018 the share capital of the company was re-classified and sub-divided from 880 £0.04 Ordinary A shares and 220 £0.04 Ordinary B shares to 1,114,769 £0.0004 Ordinary shares, 251,072 £0.00004 A Ordinary shares and 1,700,000 £0.0001 B shares.

On 19th April 2018 the company allotted 1,114,769 £0.0004 Ordinary shares, 251,072 £0.00004 A Ordinary shares and 1,700,000 £0.0001 B shares for the respective considerations of £44.59076, £10.04288 and £170. The total value of the restructured share capital is £224.63364.

11 Operating lease commitments

Lessee

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

	2017 £	2016 £
	<u>367,964</u>	<u>142,379</u>

HUTCHINSON NETWORKS LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 December 2017

12 Directors' transactions

Description	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr S Heslop - Loan	7,386	11,471	(7,500)	11,357
Mr P J Hutchinson - Loan	2,343	7,200	(14,303)	(4,760)
Mrs C L Hutchinson - Loan	-	2,000	(4,000)	(2,000)
	<u>9,729</u>	<u>20,671</u>	<u>(25,803)</u>	<u>4,597</u>

The loans, due from the directors, are interest free and repayable on demand.