

Registered number: 04648708

OLIVE BUSINESS SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2016

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OLIVE BUSINESS SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	M Geraghty M Flick R Flynn M Hallam (resigned 1 March 2016) R Parkes (resigned 31 May 2016) J Kennedy (appointed 3 March 2015)
Registered number	04648708
Registered office	Olive House Mercury Park Wooburn Green High Wycombe Buckinghamshire HP10 0HH
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

OLIVE BUSINESS SOLUTIONS LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9 - 10
Notes to the Financial Statements	11 - 29

OLIVE BUSINESS SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2016

Introduction

The Directors present their annual report and audited financial statements for the year ended 31 January 2016.

Business review

This has been a year focused on laying the foundations for future growth. The core business remained stable with Turnover in line with the prior year at £28.6m and a reduced EBITDA remaining strong at £3.8m. The group consolidated its position following recent years of acquisition activity, undertook a major refinancing, strengthened its management team and diversified away from the highly competitive mobile communications market.

	2016	2015
Revenue	£28.6m	£28.7m
Gross Margin	51.3%	57.8%
EBITDA	£3.8m	£5.0m

The directors believe that EBITDA is the most suitable measure for the financial performance of the group. Operating Profit was £2.1m (2015: £4.1m).

Olive continue to be Vodafone's second largest Platinum Partner by connection volume due to its ability to understand customers' needs and its strategic alignment to Vodafone's aim to differentiate itself through service delivery and customer care. Olive has been able to increase its range of services dramatically in the past couple of years. The Unified Communications offering is a core growth area and this has developed significantly in this financial year.

This was an important year for the group which culminated with inward investment from BGF in January 2016. Total investment of £10m will allow Olive to fund further growth and develop strength in key markets.

OLIVE BUSINESS SOLUTIONS LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2016**

Principal risks and uncertainties

The group operates in a highly competitive market. The group benefits from a number of long standing relationships with both key suppliers and customers. These relationships are a key focus of management attention at all levels of the organisation to maximise opportunities and minimise any adverse impact on the financial performance of the group.

Due to the nature of the business, the directors consider the only financial risks that are relevant to the group are credit, funding and liquidity risk.

Credit Risk:

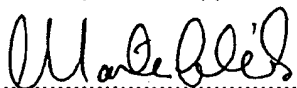
The principal credit risk arises from Trade Debtors. A large proportion of group revenue is derived from revenue share received on a monthly basis from large high credit rated corporations and the directors consider this to be very low risk.

In order to manage the credit risk of other trade debtors, the directors set credit limits based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis by the Credit function based on payment history and debt ageing.

Funding and Liquidity Risk:

Following the investment from BGF and the additional bank facilities obtained during the year, the Group now has reduced exposures to both funding and liquidity risks. The increased balance of cash and cash equivalents provides more flexibility in the day to day managing of operating cash flows.

This report was approved by the board on 31 October 2016 and signed on its behalf.



M Flick
Director

OLIVE BUSINESS SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2016

The directors present their report and the financial statements for the year ended 31 January 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Results and dividends

The loss for the year, after taxation, amounted to £225,544 (2015 - profit £2,986,182).

The reduction in profits was primarily the result of:

- the anticipated compression in gross margin arising from the continuing competition in the mobile market
- refinancing related costs
- investment in the senior management team
- investment in the roll out of our Unified Communications offering

The group is in a strengthened financial and operational position to exploit future growth opportunities.

Directors

The directors who served during the year were:

M Geraghty
M Flick
R Flynn
M Hallam (resigned 1 March 2016)
R Parkes (resigned 31 May 2016)
J Kennedy (appointed 3 March 2015)

OLIVE BUSINESS SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

Future developments

Olive is set up to be able to exploit market opportunities and remains strong in terms of connection numbers. The market in general has seen increases in mobile data volumes and connections. The Olive offering is developing a proposition which unifies different forms of technology to offer a more comprehensive communications solution. Key supplier relationships continue to be developed ensuring that Olive are able to offer customers the product and service required. The core business offering is mobile connections and this continues to provide a solid base for future growth. Key recruitment has occurred post-investment, including a new CFO along with senior office functions. The business has structured itself on a strong footing to facilitate the planned growth in future years and the outlook for achieving this is optimistic.

Unified Communications has continued to grow since the balance sheet date and now forms a material element of the business.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 October 2016 and signed on its behalf.



M Flick
Director

OLIVE BUSINESS SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS LIMITED

We have audited the financial statements of Olive Business Solutions Limited for the year ended 31 January 2016, set out on pages 7 to 29. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2016 and of its profit or 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those accounts. In the light of our 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.

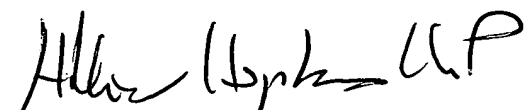
OLIVE BUSINESS SOLUTIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS
LIMITED (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Malone ACA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

31 October 2016

OLIVE BUSINESS SOLUTIONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2016**

	Note	2016 £	2015 £
Turnover	4	28,585,274	28,689,561
Cost of sales		(13,915,549)	(12,117,381)
Gross profit		14,669,725	16,572,180
Administrative expenses		(13,589,548)	(12,436,410)
Operating profit	5	1,080,177	4,135,770
Interest payable and similar charges	9	(469,791)	(239,276)
Profit before tax		610,386	3,896,494
Tax on profit	10	(835,930)	(910,312)
(Loss)/profit for the year		(225,544)	2,986,182
Other comprehensive income for the year			
Total comprehensive income for the year		(225,544)	2,986,182

OLIVE BUSINESS SOLUTIONS LIMITED
REGISTERED NUMBER: 04648708

BALANCE SHEET
AS AT 31 JANUARY 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	12		5,155,707		6,351,089
Tangible assets	13		619,297		431,625
			<u>5,775,004</u>		<u>6,782,714</u>
Current assets					
Stocks	14	309,696		306,870	
Debtors: amounts falling due within one year	15	20,589,744		23,097,465	
Cash at bank and in hand	16	3,769,607		439,535	
			<u>24,669,047</u>	<u>23,843,870</u>	
Creditors: amounts falling due within one year	17	(22,541,861)		(25,104,601)	
Net current assets/(liabilities)			<u>2,127,186</u>		<u>(1,260,731)</u>
Total assets less current liabilities			<u>7,902,190</u>		<u>5,521,983</u>
Creditors: amounts falling due after more than one year	18		(3,937,500)		(945,000)
Provisions for liabilities					
Deferred tax	21	(63,637)		(76,178)	
			<u>(63,637)</u>		<u>(76,178)</u>
Net assets			<u>3,901,053</u>		<u>4,500,805</u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss account	23		3,900,953		4,500,705
			<u>3,901,053</u>		<u>4,500,805</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2016.



M Flick
Director

The notes on pages 11 to 29 form part of these financial statements.

OLIVE BUSINESS SOLUTIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2015 (as previously stated)	100	2,363,938	2,364,038
Prior year adjustment	-	2,136,767	2,136,767
At 1 February 2015 (as restated)	100	4,500,705	4,500,805
Comprehensive income for the year			
Loss for the year	-	(225,544)	(225,544)
Total comprehensive income for the year	-	(225,544)	(225,544)
Dividends: Equity capital	-	(374,208)	(374,208)
Total transactions with owners	-	(374,208)	(374,208)
At 31 January 2016	100	3,900,953	3,901,053

OLIVE BUSINESS SOLUTIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2014 (as previously stated)	100	2,731,866	2,731,966
Prior year adjustment	-	(600,000)	(600,000)
At 1 February 2014 (as restated)	100	2,131,866	2,131,966
Comprehensive income for the year			
Profit for the year	-	2,986,182	2,986,182
Total comprehensive income for the year	-	2,986,182	2,986,182
Dividends: Equity capital	-	(617,343)	(617,343)
Total transactions with owners	-	(617,343)	(617,343)
At 31 January 2015	100	4,500,705	4,500,805

The notes on pages 11 to 29 form part of these financial statements.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

1. General information

Olive Business Solutions Limited (the "Company") is a company incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Olive Communications Solutions Limited as at 31 January 2016 and these financial statements may be obtained from Companies House.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life, which shall not exceed five years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- 10 years straight line
Improvements	
Motor vehicles	- 4 years straight line
Fixtures & fittings	- 3 years straight line
Office equipment	- 3 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

2. Accounting policies (continued)

2.9 Financial instruments (continued)

of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 February 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

- The revenue and costs recognised under long term Converged Solutions contracts, has been individually assessed for each contract as at the period end. Management have recognised revenue and cost based on the expected total profit margin for the contract and the amounts delivered and utilised by the customer as at the period end.
- Deferred cost of goods sold has been recognised based on the age and usage profile of the contacts. The amounts deferred for each contract represent the expected future costs for new and replacement devices.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Telecommunication sales	28,585,274	28,689,561
	<u>28,585,274</u>	<u>28,689,561</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	28,585,274	28,689,561
	<u>28,585,274</u>	<u>28,689,561</u>

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	262,097	176,156
Amortisation of intangible assets, including goodwill	1,444,982	734,725
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	52,500	36,225
Exchange differences	431	1,926
Other operating lease rentals	280,173	326,947
Defined contribution pension cost	96,780	69,147
	<u>2,136,963</u>	<u>1,345,126</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	52,500	36,225
	<u>52,500</u>	<u>36,225</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	6,435,982	6,327,943
Social security costs	777,356	772,489
Cost of defined contribution scheme	96,780	69,147
	<u>7,310,118</u>	<u>7,169,579</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Administration	124	113
Sales	34	29
Management	5	6
	<u>163</u>	<u>148</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	333,990	377,436
Company contributions to defined contribution pension schemes	6,525	-
	<u>340,515</u>	<u>377,436</u>

The highest paid director received remuneration of £115,000 (2015 - £99,900).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 - £NIL).

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	469,791	239,276
	<u>469,791</u>	<u>239,276</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	367,786	842,203
Adjustments in respect of previous periods	480,685	-
	<u>848,471</u>	<u>842,203</u>
Total current tax	<u>848,471</u>	<u>842,203</u>
Deferred tax		
Origination and reversal of timing differences	(12,541)	68,109
Total deferred tax	<u>(12,541)</u>	<u>68,109</u>
Taxation on profit on ordinary activities	<u>835,930</u>	<u>910,312</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20.17% (2015 - 21.32%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>610,386</u>	<u>3,896,494</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.17% (2015 - 21.32%)	123,115	830,733
Effects of:		
Expenses not deductible for tax purposes	356,796	164,589
Capital allowances for year in excess of depreciation	261	(15,354)
Adjustments to tax charge in respect of prior periods	480,658	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(110,695)	(140,304)
Changes in provisions leading to an increase (decrease) in the tax charge	(957)	4,758
Other differences leading to an increase (decrease) in the tax charge	-	65,890
Group relief	(13,248)	-
Total tax charge for the year	<u>835,930</u>	<u>910,312</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

10. Taxation (continued)

Factors that may affect future tax charges

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 19 per cent with effect from 1 April 2017 and 18 per cent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

11. Dividends

	2016	2015
	£	£
Dividends paid on equity capital	374,208	617,343
	374,208	617,343

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016

12. Intangible assets

	Developmen t £	Goodwill £	Total £
Cost			
At 1 February 2015	96,000	9,067,821	9,163,821
Additions	249,600	-	249,600
At 31 January 2016	345,600	9,067,821	9,413,421
Amortisation			
At 1 February 2015	-	2,812,732	2,812,732
Charge for the year	-	1,444,982	1,444,982
At 31 January 2016	-	4,257,714	4,257,714
Net book value			
At 31 January 2016	345,600	4,810,107	5,155,707
At 31 January 2015	96,000	6,255,089	6,351,089

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

13. Tangible fixed assets

	L/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 February 2015	226,312	16,964	334,303	61,652	296,402	935,633
Additions	77,526	-	-	-	373,365	450,891
Disposals	(325)	-	-	-	(795)	(1,120)
At 31 January 2016	<u>303,513</u>	<u>16,964</u>	<u>334,303</u>	<u>61,652</u>	<u>668,972</u>	<u>1,385,404</u>
Depreciation						
At 1 February 2015	31,029	16,832	215,085	60,512	180,548	504,006
Charge for period on owned assets	43,223	131	79,295	1,140	138,308	262,097
At 31 January 2016	<u>74,252</u>	<u>16,963</u>	<u>294,380</u>	<u>61,652</u>	<u>318,856</u>	<u>766,103</u>
Net book value						
At 31 January 2016	<u>229,261</u>	<u>1</u>	<u>39,923</u>	<u>-</u>	<u>350,116</u>	<u>619,301</u>
At 31 January 2015	<u>195,283</u>	<u>131</u>	<u>119,217</u>	<u>1,140</u>	<u>115,854</u>	<u>431,625</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Long leasehold	<u>229,261</u>	<u>195,283</u>
	<u>229,261</u>	<u>195,283</u>

14. Stocks

	2016 £	2015 £
Finished goods	<u>309,696</u>	<u>306,870</u>
	<u>309,696</u>	<u>306,870</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

15. Debtors

	2016 £	2015 £
Trade debtors	1,441,293	1,987,925
Amounts owed by group undertakings	5,415,612	9,704,869
Other debtors	522,374	219,396
Prepayments and accrued income	13,210,465	11,185,275
	<u>20,589,744</u>	<u>23,097,465</u>

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	3,769,607	439,535
Less: bank overdrafts	-	(737)
	<u>3,769,607</u>	<u>438,798</u>

17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	-	737
Bank loans	1,312,500	4,912,917
Other loans	588,500	-
Trade creditors	3,197,172	3,449,222
Amounts owed to group undertakings	12,290,092	7,488,592
Corporation tax	396,452	1,577,854
Taxation and social security	875,539	2,248,386
Obligations under finance lease and hire purchase contracts	247,870	-
Other creditors	2,869,713	4,143,572
Accruals and deferred income	764,023	1,283,321
	<u>22,541,861</u>	<u>25,104,601</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

18. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	3,937,500	945,000
	<u>3,937,500</u>	<u>945,000</u>

19. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	1,312,500	4,912,917
Other loans	588,500	-
	<u>1,901,000</u>	<u>4,912,917</u>
Amounts falling due 1-2 years		
Bank loans	1,312,500	945,000
	<u>1,312,500</u>	<u>945,000</u>
Amounts falling due 2-5 years		
Bank loans	2,625,000	-
	<u>2,625,000</u>	<u>-</u>
	<u>5,838,500</u>	<u>5,857,917</u>

Bank loans include short-term money market facilities of £nil (2015: £2,500,000), repayable on demand.

Other bank loans included in amounts falling due within one and amounts falling due in one to two years are on a fixed term repayment basis due within 2 years.

Bank loans are secured by a cross guarantee and debenture against the company and other members of its group and personal guarantees with directors M Geraghty, M Flick and J Kennedy.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

20. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,769,607	439,535
Financial assets that are debt instruments measured at amortised cost	7,802,899	11,992,205
	<u>11,572,506</u>	<u>12,431,740</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(24,864,885)	(21,994,798)
	<u>(24,864,885)</u>	<u>(21,994,798)</u>

21. Deferred taxation

	2016 £	2015 £
At beginning of year	(76,178)	(8,069)
Charged to the profit or loss	12,541	(68,109)
At end of year	<u>(63,637)</u>	<u>(76,178)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(63,637)	(76,178)
	<u>(63,637)</u>	<u>(76,178)</u>

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

23. Reserves

Profit & loss account

Included in the profit & loss account is all current and prior period retained profits and losses.

24. Prior year adjustment

Included in these financial statements is a prior year adjustment to recognise a change in the amortisation of intangible assets. The previously recognised charge for the year was calculated on the incorrect basis, and the updated charge reflected in these accounts ensures that the methodology and amounts included are aligned to those of the consolidated Group financial statements.

25. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £90,255 (2015: £69,147).

Contributions totalling £nil (2015 - £nil) were payable to the fund at the balance sheet date and are included in creditors

OLIVE BUSINESS SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

26. Commitments under operating leases

At 31 January 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land & Buildings		
Not later than 1 year	351,182	376,442
Later than 1 year and not later than 5 years	688,872	1,065,314
Later than 5 years	683,458	683,458
	<u>1,723,512</u>	<u>2,125,214</u>
	2016 £	2015 £
Other operating leases		
Not later than 1 year	203,316	193,348
Later than 1 year and not later than 5 years	224,019	105,406
	<u>427,335</u>	<u>298,754</u>

27. Related party transactions

During the year, purchases of £nil (2015: £nil) were made from Olive Unified Communications Services Limited, a company in which M Geraghty is a director. At the year end, £26,290 (2015: £26,290) is included as a debit in trade creditors.

During the year, purchases of £356,000 (2015: £206,198) were made from and sales of £56,152 (2015: £nil) were made to Construction Safety UK Limited, a company in which M Geraghty and J Kennedy are directors. At the year end £1,469 (2015: £919) is included in trade creditors and £56,152 (2015: £nil) is included in trade receivables.

During the year, purchases of £128,083 (2015: £nil) were made from JMT Consulting Limited, a company in which Martin Flick is a connected party. At the year end £12,500 is included in trade creditors.

28. Controlling party

The parent company is Olive Communication Solutions Limited; a company incorporate in England and Wales.

The ultimate controlling party is M Geraghty by virtue of his shareholding.

OLIVE BUSINESS SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

29. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.