

Hoist Finance UK Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2016

WEDNESDAY



A6IAR110

A17

01/11/2017

#308

COMPANIES HOUSE

Hoist Finance UK Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L P Sardal
J M Winfield

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
1 St Peter's Square
Manchester
M2 3AE

BANKER

Danske Bank

SOLICITORS

Drydens LLP
Howard Cohen LLP
DLA Piper UK LLP

REGISTERED OFFICE

Quays Reach
Carolina Way
Salford
M50 2ZY

Hoist Finance UK Limited

STRATEGIC REPORT

The directors present their strategic report on the affairs of Hoist Finance UK Limited (the “company”) for the year ended 31 December 2016.

BUSINESS REVIEW

The company is the holding company for the Hoist Finance group’s UK operations. It also provides services to other group companies including strategy and investment consultancy, market research, corporate finance advice and portfolio management services.

During the year the UK Group commenced a project to review its UK business aimed at simplifying the structure and reducing the number of active subsidiaries. The first phase of this reorganisation was completed in the latter part of the year including a capital reduction by way of the cancellation of the share premium account of £18,969,016 and the settlement of loans due to Hoist Kredit AB.

The wider group has continued with its strategic growth plans in 2016 presenting a sizable increase in its debt portfolios. As a result the Company has seen an increase in revenue from the services it provides to other group companies. Administrative expenses have increased to accommodate this with average staff numbers increasing to 45 (2015: 38). Interest costs have fallen again to £1,591,434 (2015: £1,791,377) following the settlement of the loans with Hoist Kredit AB. 2017 will see the annualised benefit of this as no interest costs arising going forward.

The Company uses revenue and profit before tax as its main financial Key Performance Indicators. Results for the year can be found on the income statement on page 8.

POST BALANCE SHEET EVENTS

Since the year end the Group has continued the reorganisation of its UK business and completed the second phase in August 2017. The Company realised its investment in Compello Holdings Limited in the form of a dividend of £102,864,535, facilitating the settlement of outstanding loans with other group companies. On receipt of the dividend, the carrying value of the investment in Compello Holdings Limited was impaired to its nominal value.

PROFITABILITY

The company has reported a loss before tax for the year of £1,734,462 (2015: loss £3,637,702).

FUNDING AND LIQUIDITY

The company has no bank borrowings. The company funds its on-going activities through three inter-company loans from its fellow group companies, together with inter-company positions with other group companies.

GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company has prepared forecasts and projections for the next 12 months which show that the company has sufficient financial resources to fund the business for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk

The company’s operations expose it to a variety of financial risks that include the effects of changes in credit risk. The company (and the wider Hoist group) has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the aforementioned risks on an ongoing basis.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group’s finance and risk departments.

Hoist Finance UK Limited

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

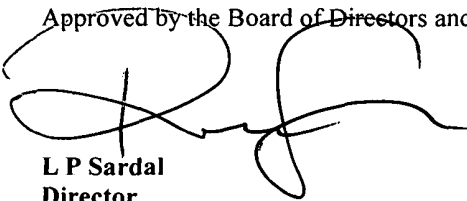
Regulatory Risk

The regulatory environment continues to be an evolving one with the introduction of the General Data Protection Regulation, the FCA's Senior Managers and Certification Regime and new rules on the operation of the incentives, all within the next 12 months. Furthermore, the FCA has now moved from the authorisation phase of the market to supervision. Further actions and developments cannot therefore be ruled out as the FCA commences its BAU for the market. The business has however made significant enhancements to its control, assurance and oversight frameworks in the past 12 months to ensure it is equipped to deal with these developments.

REFERENDUM ON UK MEMBERSHIP OF THE EU

Following the result of the UK's referendum on 23 June 2016 on continued membership of the EU, the directors have considered the potential impact on the company. The company's operations are entirely within the UK, with no external borrowings and no material transactions denominated in currencies other than Sterling. As a result the directors do not anticipate that the vote to leave the EU will have any material impact on the Company in the foreseeable future.

Approved by the Board of Directors and signed on its behalf.



L P Sardal
Director

27 October 2017

Hoist Finance UK Limited

DIRECTOR'S REPORT

The directors present their report and financial statements of Hoist Finance UK Limited for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of group services including strategy and investment consultancy, market research, corporate finance advice and portfolio management services.

RESULTS AND DIVIDENDS

The company has reported a loss before tax for the year of £1,734,462 (2015: loss £3,637,702).

The directors do not recommend the payment of a final dividend (2015: £nil). No interim dividend was paid during the year (2015: £nil).

FUTURE DEVELOPMENTS

The company will continue to act as the holding company for the development of the Hoist group's activities in the UK.

DIRECTORS

The directors who served during the year and up to the date of this report, except as noted, were as follows:

N A Nathoo (resigned 5 October 2017)
L P Sardal
J M Winfield
A Poutiainen (resigned 28 April 2017)

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

EMPLOYEE INVOLVEMENT

It is the company's policy to give full consideration to suitable applications for employment of disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be retrained for other positions in the company.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

POLITICAL DONATIONS

The company does not make donations or contributions to any political party.

DISCLOSURE OF INFORMATION TO AUDITOR

Each person who is a Director at the date of approval of this report confirms that, as far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418(2) of the Companies Act 2006.

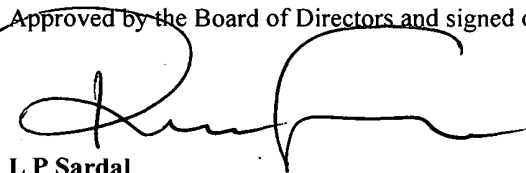
Hoist Finance UK Limited

DIRECTOR'S REPORT

AUDITOR

KPMG LLP have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf.

A handwritten signature in black ink, appearing to be 'L P Sardal', written over a horizontal line.

L P Sardal
Director

27 October 2017

Hoist Finance UK Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOIST FINANCE UK LIMITED

We have audited the financial statements of Hoist Finance UK Limited for the year ended 31 December 2016 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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 set out on page 6, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:


- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

Matthew Rowell (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester M2 3AE

 30/10/17

Hoist Finance UK Limited

INCOME STATEMENT

for the year ended 31 December 2016

	Notes	31 Dec 16 £	31 Dec 15 £
TURNOVER		9,577,262	5,979,661
Cost of sales		(262,872)	(236,917)
Gross profit		9,314,390	5,742,744
Administrative expenses		(9,066,937)	(6,013,931)
OPERATING PROFIT/(LOSS)		247,453	(271,187)
Income from shares in group undertakings		(35)	-
Waiver of intra group loan		(390,446)	-
Acquisition and abortive acquisition costs		-	(1,575,138)
Interest payable and similar charges		(1,591,434)	(1,791,377)
LOSS BEFORE TAXATION		(1,734,462)	(3,637,702)
Taxation on loss	6	865,161	-
LOSS FOR THE FINANCIAL YEAR		<u>(869,301)</u>	<u>(3,637,702)</u>

All the company's activities are classed as continuing.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

There were no items of other comprehensive income in either the current or prior year and therefore the total comprehensive loss for the year attributable to the equity holders of the company amounted to £869,301 (2015: Loss £3,637,702).

The accounting policies and notes on pages 11 to 20 form part of these financial statements.

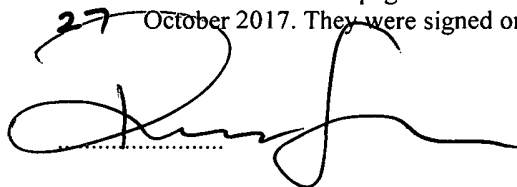
Hoist Finance UK Limited

BALANCE SHEET

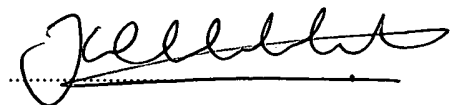
31 December 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	7	400,454	533,938
Investments	8	108,577,795	108,578,794
Deferred tax asset	9	865,161	-
		<u>109,843,410</u>	<u>109,112,732</u>
CURRENT ASSETS			
Loans and receivables	10	8,824,174	11,954,174
Trade and other receivables	11	6,658,295	2,660,029
Cash at bank and in hand		935,994	199,893
		<u>16,418,463</u>	<u>14,814,096</u>
Total assets		126,261,873	123,926,828
CREDITORS: Amounts falling due within one year			
Loans and borrowings	12	(110,707,443)	(11,294,214)
Trade and other payables	13	(3,640,734)	(3,752,712)
		<u>(114,348,177)</u>	<u>(15,046,926)</u>
CREDITORS: Amounts falling due after one year			
Loans and borrowings	12	-	(96,096,905)
Total liabilities		(114,348,177)	(111,143,831)
NET ASSETS		<u>11,913,696</u>	<u>12,782,997</u>
CAPITAL AND RESERVES			
Called up share capital	14	211,344	211,344
Share premium account		-	18,969,016
Merger reserve		5,959,203	5,959,203
Profit and loss account		5,743,149	(12,356,566)
SHAREHOLDER'S FUNDS		<u>11,913,696</u>	<u>12,782,997</u>

The financial statements on pages 8 to 20 were approved by the Board of Directors and authorised for issue on 27 October 2017. They were signed on its behalf by:



L P Sardal
Director



J M Winfield
Director

The accounting policies and notes on pages 11 to 20 form part of these financial statements.

Hoist Finance UK Limited

STATEMENT OF CHANGES IN EQUITY

31 December 2016

	Called up Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total Equity £
At 1 January 2015	61,344	4,119,016	5,959,203	(8,718,864)	1,420,699
<i>Total comprehensive income for the year:</i>					
Loss for the year	-	-	-	(3,637,702)	(3,637,702)
<i>Transactions with owners, recorded directly in equity:</i>					
Shares issued	150,000	14,850,000	-	-	15,000,000
At 31 December 2015	<u>211,344</u>	<u>18,969,016</u>	<u>5,959,203</u>	<u>(12,356,566)</u>	<u>12,782,997</u>
At 1 January 2016	211,344	18,969,016	5,959,203	(12,356,566)	12,782,997
<i>Total comprehensive income for the year:</i>					
Loss for the year	-	-	-	(869,301)	(869,301)
<i>Transactions with owners, recorded directly in equity:</i>					
Capital reduction	-	(18,969,016)	-	18,969,016	-
At 31 December 2016	<u>211,344</u>	<u>-</u>	<u>5,959,203</u>	<u>5,743,149</u>	<u>11,913,696</u>

The accounting policies and notes on pages 11 to 20 form part of these financial statements.

Hoist Finance UK Limited

ACCOUNTING POLICIES

for the year ended 31 December 2016

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The amendments to FRS101 (2014/15 Cycle) issued July 2015 and effective immediately have been applied.

In preparing these financial statements the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

In these financial statements the company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures in respect of transactions with fellow wholly owned group companies;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the correction of errors arising during the audit of earlier years' financial statements; and
- disclosures in respect of the compensation of Key Management Personnel.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Hoist Kredit AB (publ) which is incorporated in Sweden. The results of Hoist Kredit AB (publ) are included in the consolidated financial statements of Hoist Finance AB (publ), prepared in accordance with International Financial Reporting Standards, which are available from the Swedish Companies Registration Office, Bolagsverket, Stuvavägen 21, Sunsvall, Sweden.

Hoist Finance UK Limited ("the Company") is incorporated and domiciled in the UK. The address of the registered office is given on page 1. The financial statements are presented in Sterling, which is the Company's functional and presentational currency.

The accounting policies set out below have, unless otherwise stated been applied consistently to all periods presented in these financial statements.

GOING CONCERN

The financial statements have been prepared on a going concern basis which, notwithstanding the net current liabilities of £97,929,714, the directors believe to be appropriate for the following reasons. The Company's net current liabilities position has arisen due to the group reorganisation that was completed post year end (see note 17. Following this reorganisation the intra group loans have been settled.

The Company is dependent for its working capital on funds guaranteed by other group companies. The Company's parent has provided an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Company. This should enable the Company to continue in operational existence for the foreseeable future and meet its liabilities as they fall due for payment. The Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company should be able to operate within the level of its current liquidity.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

REVENUE RECOGNITION

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

Hoist Finance UK Limited

ACCOUNTING POLICIES

for the year ended 31 December 2016

Rendering of services

Revenue comprising charges to group companies in respect of group and portfolio management services, is measured at the value of the net consideration received for the rendering of those services excluding value added tax and is recognised when the service has been provided.

BORROWING COSTS

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

NON-RECURRING ITEMS

The company presents as non-recurring items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and better assess trends in financial performance.

INTANGIBLE ASSETS

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method as appropriate and are treated as changes in accounting estimates. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.

Amortisation is provided on all computer software on a straight line basis over its estimated useful life as follows:

Computer software – Over 5 years

INVESTMENTS

Investments in subsidiary undertakings are held at historical cost less any provision for impairment.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets within the scope of IAS39 are classified as loans and receivables. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company's financial assets include cash and short term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Trade and other receivables

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit and loss when there is objective evidence that

Hoist Finance UK Limited

ACCOUNTING POLICIES

for the year ended 31 December 2016

the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities within the scope of IAS39 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

The Company does not contribute to any defined benefit pension schemes.

Contributions to defined contribution pension schemes are recognised in the income statement in the period in which they become payable.

TAXATION

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the income statement.

Hoist Finance UK Limited

ACCOUNTING POLICIES

for the year ended 31 December 2016

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, 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 effect on the amounts recognised in the financial statements:

Investments in subsidiary undertakings

Investments in subsidiary undertakings are included at cost less provision for impairment. Write downs for impairment are made when a permanent decline in value is established. Assessment of carrying value involves judgements in relation to the value and timing of future cash flows, tax rates and interest rates.

Hoist Finance UK Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1 TURNOVER

The directors consider that the business has one segment, being the provision of group and portfolio management services and that in consequence all of the company's turnover is derived from this one segment.

	2016 £	2015 £
Group and portfolio management services	<u>9,577,262</u>	<u>5,979,661</u>

Turnover is wholly attributable to services provided overseas.

2 LOSS BEFORE TAX

This is stated after charging:

	2016 £	2015 £
Auditor's remuneration (see below)	20,500	20,500
Amortisation of intangible assets	<u>133,484</u>	<u>133,485</u>

During the year the company paid the following amounts to its auditor:

Audit of these financial statements	<u>20,500</u>	<u>20,500</u>
-------------------------------------	---------------	---------------

The Company did not make any payments to its auditors for non-audit services.

3 NON-RECURRING ITEMS

	2016 £	2015 £
Acquisition costs	-	1,077,725
Reorganisation costs	-	419,783
Abortive acquisition costs	-	77,630
	<u>-</u>	<u>1,575,138</u>

Acquisition transaction costs include costs directly associated with the acquisition of Compello Holdings Limited, and includes stamp duty, financial and tax due diligence costs, legal fees and warranty and indemnity insurance.

Reorganisation costs relate to post acquisition costs of integrating the Compello acquisition including project management, temporary staff and compliance consultancy.

Abortive acquisition costs relate to the due diligence and other costs incurred in respect of proposed acquisitions which did not proceed to completion.

4 STAFF COSTS

The monthly average number of employees (including executive directors) during the year was:

	2016 No.	2015 No.
Operations	15	16
Sales	1	1
Administration	29	21
	<u>45</u>	<u>38</u>

Hoist Finance UK Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

4 STAFF COSTS (continued)

The aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,619,227	2,831,358
Social security costs	487,583	393,210
Other pension costs	273,329	74,983
Other personnel costs	-	358,715
	<u>4,380,139</u>	<u>3,658,266</u>

5 DIRECTORS' REMUNERATION

	2016 £	2015 £
Salaries and short term employee benefits	657,909	557,536
Amounts paid to third parties in respect of directors' services	5,669	6,410
Pension contributions	47,464	9,425
	<u>711,042</u>	<u>573,371</u>

The number of directors to whom retirement benefits are accruing for qualifying services in respect of money purchase schemes is 2 (2015: 2).

The remuneration of the highest paid director was:

Salaries and short term employee benefits	429,754	373,286
Pension contributions	30,000	-
	<u>459,754</u>	<u>373,286</u>

6 TAXATION ON ORDINARY ACTIVITIES

Tax charged in the income statement:

	2016 £	2015 £
Current income tax:		
UK Corporation tax based on the results for the year	-	-
Total current income tax	<u>-</u>	<u>-</u>
Deferred tax:		
Current year	(1,017,837)	-
Effect of changes in tax rates	152,676	-
Total deferred tax	<u>(865,161)</u>	<u>-</u>
Total tax credit for the year	<u>(865,161)</u>	<u>-</u>

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's loss for this accounting period is taxed at 20% (2015: an effective rate of 20.25%).

Hoist Finance UK Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

6 TAXATION ON ORDINARY ACTIVITIES (continued)

Reconciliation of total tax (credit)/charge

The tax credit in the income statement is higher (2015: tax charge is higher) than the credit which arise by applying the standard rate of corporation tax to the loss before tax, for the following reasons:

	2016 £	2015 £
Loss before tax	(1,734,462)	(3,637,702)
Tax at the standard UK Corporation tax rate	(346,892)	(736,635)
Expenses not deductible for tax purposes	79,485	228,724
Losses available for group relief	51,602	507,911
Transfer of LLP interest	835	-
Effect of tax rate changes	152,676	-
Movement in unrecognised deferred tax	(802,867)	-
Total tax credit for the year	<u>(865,161)</u>	<u>-</u>

7 INTANGIBLE ASSETS

	Computer software £
Cost	
At 1 January 2016 and 31 December 2016	<u>667,423</u>
Amortisation	
At 1 January 2016	133,485
Charge for the year	<u>133,484</u>
At 31 December 2016	<u>266,969</u>
Net book value	
At 31 December 2016	<u>400,454</u>
At 31 December 2015	<u>533,938</u>

Amortisation is recognised within administrative expenses in the income statement.

8 INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 January 2016	179,268,361
Addition	1
Disposal	<u>(1,000)</u>
At 31 December 2016	<u>179,267,362</u>
Impairment	
At 1 January 2016 and at 31 December 2016	<u>70,689,567</u>
Net book amount	
At 31 December 2016	<u>108,577,795</u>
At 31 December 2015	<u>108,578,794</u>

Hoist Finance UK Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

8 INVESTMENTS (continued)

On 1 January 2016 a 50% holding in MKDP LLP whose principal activity is the management of distressed portfolios, was transferred from another group company.

During the year the company transferred its holding in Hoist Portfolio Holding 2 Limited to another group company.

Investments in subsidiary undertakings comprise the following:

	Country of incorporation	Class of shares held	Ownership
Robinson Way Limited	England	Ordinary	100%
C L Finance Limited	England	Ordinary	100%
Compello Holdings Limited	England	Ordinary	100%
MKDP LLP	England	Ordinary	50%

The loss for the financial period since transfer of MKDP LLP was £349,053 and its aggregate amount of capital and reserves at the end of the period was £2. The company receives a fixed percentage share of the LLP's profit.

9 DEFERRED TAX ASSET

	2016 £	2015 £
At 1 January	-	-
Credit to the income statement	865,161	-
At 31 December	<u>865,161</u>	<u>-</u>

The company has unused tax losses arising in the UK of £5,092,921 (2015: £3,675,179) that are available indefinitely for offset against future taxable profits. A deferred tax asset of £865,161 (2015: £Nil), has been recognised in respect of these losses based upon rates substantively enacted at 31 December 2016.

The Company has provided for a deferred tax asset to the extent that the directors believe the losses will be utilised against future taxable profits. These assumptions are based upon forecasts derived from the most recent financial budgets.

10 LOANS AND RECEIVABLES

	2016 £	2015 £
Amounts owed by group undertakings	<u>8,824,174</u>	<u>11,954,174</u>

11 TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Amounts owed by group undertakings	6,271,685	1,939,266
VAT recoverable	216,098	465,189
Prepayments	170,512	255,574
	<u>6,658,295</u>	<u>2,660,029</u>

Hoist Finance UK Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

12 LOANS AND BORROWINGS

	2016 £	2015 £
Amounts owed to group undertakings	<u>110,707,443</u>	<u>107,391,119</u>
<i>Disclosed as:</i>		
Amounts falling due within one year	110,707,443	11,294,214
Amounts falling due after more than one year	-	96,096,905
	<u>110,707,443</u>	<u>107,391,119</u>

During the year, amounts owed to group undertakings comprised two unsecured loans with the following maturity profile:

Loan 1:

This loan was originally drawn on 7 August 2013 for £75,000,000. On 31 December 2014, £68,642,707 of the capital was repaid. The remaining balance together with annually compounded interest, bears interest at a fixed rate of 6% and is repayable in full on 7 August 2016 together with all interest accrued to that date. In the event that the loan is not repaid on that date, it will be renewed for a terms of 1 year on 7 August in each succeeding year.

Loan 2:

This loan, drawn on 30 June 2015 for £95,000,000, carries interest at a variable rate of 1.7% plus 3 month LIBOR and is repayable in full on 30 June 2017 together with all unpaid interest accrued to that date.

As part of a group reorganisation, the two loans with Hoist Finance AB were settled in full on 30 November 2016.

Under the terms of the group reorganisation, balances due by three other group companies were reassigned to the company. These loans do not bear interest and are repayable on demand.

13 TRADE AND OTHER PAYABLES

	2016 £	2015 £
Amounts owed to group undertakings	1,503,962	2,571,208
Trade payables	242,609	183,607
Other payables	311,213	311,213
Accruals and deferred income	1,582,950	686,684
	<u>3,640,734</u>	<u>3,752,712</u>

14 SHARE CAPITAL

	2016 No.	2016 £	2015 No.	2015 £
<i>Authorised:</i>				
Ordinary shares of £1 each	<u>211,344</u>	<u>211,344</u>	<u>211,344</u>	<u>211,344</u>
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	<u>211,344</u>	<u>211,344</u>	<u>211,344</u>	<u>211,344</u>

Hoist Finance UK Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

15 FINANCIAL RISK MANAGEMENT

Liquidity risk:

Liquidity risk is the risk to earnings or capital arising from an inability to meet obligations when they become due, without incurring unexpected or unacceptable losses. It includes the risk of inability to manage unplanned decreases or changes in funding sources and also any failure to recognise and address changes in market conditions that could affect the company's ability to liquidate assets quickly, with minimum value loss, if necessary.

The following are the contractual maturities of financial liabilities:

	Within 1 year £	1 to 2 years £	Total £
2016			
Loans and borrowings	110,707,443	-	110,707,443
Trade creditors	<u>242,609</u>	<u>-</u>	<u>242,609</u>
2015			
Loans and borrowings	11,294,214	96,096,905	107,391,119
Trade creditors	<u>183,607</u>	<u>-</u>	<u>183,607</u>

The carrying value of the company's financial instruments (being loans and receivables, trade and other receivables, cash and cash equivalents, intra group borrowings and trade and other payables) approximate to their fair value.

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Hoist Kredit AB (Publ). The ultimate parent undertaking and controlling party is Hoist Finance AB (Publ), a company incorporated in Sweden.

The smallest group for which consolidated accounts are drawn up is Hoist Kredit AB (Publ). Hoist Finance AB (Publ) is the parent undertaking of the largest group of undertakings to consolidate the Company's financial statements at 31 December 2016. A copy of these consolidated financial statements are available from the Swedish Companies Registration Office, Bolagsverket, Stuvavägen 21, Sundsvall, Sweden.

17 POST BALANCE SHEET EVENTS

During August 2017 the Group completed the second phase of the reorganisation, with the Company realising its investment in Compello Holdings Limited in the form of a dividend of £102,864,535. On receipt of the dividend the carrying value of the investment in Compello Holdings Limited was impaired to its nominal value.