

REGISTERED NUMBER: 02027207 (England and Wales)

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD
1 APRIL 2013 TO 31 JANUARY 2014
FOR
REDSTONE CONVERGED SOLUTIONS LIMITED**

FRIDAY



A40NVBPF

A26

06/02/2015

#129

COMPANIES HOUSE

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	7
Report of the Independent Auditors	10
Profit and Loss Account	12
Balance Sheet	13
Notes to the Financial Statements	14

REDSTONE CONVERGED SOLUTIONS LIMITED

COMPANY INFORMATION

FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

DIRECTORS:

Mrs S Alexander
D Breith
B Loughrey
M Salter
S Williams

REGISTERED OFFICE:

Beacon House Stokenchurch Business Park
Ibstone Road
Stokenchurch
Buckinghamshire
HP14 3FE

REGISTERED NUMBER:

02027207 (England and Wales)

AUDITORS:

Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

**STRATEGIC REPORT
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

The directors present their strategic report of the period 1 April 2013 to 31 January 2014.

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

STRATEGIC REPORT

FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the period the company continued its principal activities of installation and maintenance of cabling infrastructure, whilst continuing to invest and grow its information communication technology (ICT) business arm. These will continue to be the company's principal activities.

Management uses a range of performance measures to monitor and manage the business. Certain measures are particularly important in the generation of shareholder value and are considered key performance indicators (KPIs). Our KPIs measure past performance and provide information to allow us to manage the business

Turnover and gross profit and net indicate the volume of work we have done and its profitability. KPI's for 2014 are shown in the table below, along with prior years comparatives for continued operations

	2014	2013	% Change in year
KPIs			
Turnover from continued operations	22,660,760	30,814,565	(26.5%)
Gross Profit from continuing operations	4,857,187	6,491,843	(25.2%)
Trading (loss)/profit after taxation	(8,725,639)	1,909,798	(456.9%)

The KPIs are not directly comparable as the current reporting period is ten months and the previous accounting period was a year. Taking this into account and pro-rating the ten month figures the fall in turnover is 12% and the decrease in gross profit is 10%.

The key non-financial indicators monitored by the company are the ability to maintain the existing customer base, the ability to attract new customers, contract performance and the future order pipeline. The directors consider these areas to be the principal risk or uncertainty that the business faces.

There was a trading loss for the financial period before taxation of £7,228,733 (2013: profit £1,772,798).

Net assets of the company at the year end were £1,197,413 (2013: £14,923,052).

During the period the company was acquired by Coms plc. Upon acquisition all balances relating to the group were written off resulting in a one-off charge of £8,794,117. A dividend was voted to the former parent company of £5,000,000 as part of the takeover agreement. Stripping out the one-off charge of £8,794,117 from the loss of £7,228,733 results in a trading profit of £1,565,384. Write-offs on acquisition and the dividend to the former parent company depleted the company's assets by a total of £13,794,117.

In 2010 the company was transferred losses from Redstone i4E limited in excess of £7,000,000; these losses are restricted in their use. During the year the company wrote down its deferred tax asset of £1,434,000 from its 2013 balance sheet to £nil as at 31 January 2014.. This write down is a result of the acquisition of the company by Coms Plc and the change in group structure which has led to a new management with different available options as to the immediate use of these losses. No deferred tax asset is provided at 31 January 2014; this is based on available forecasts. Further details can be found at note 18.

The full trading results for the period end and the company's financial position at the year of the period are shown in the attached financial statements.

Dividends voted were £5,000,000 (2013: £nil)

**STRATEGIC REPORT
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

The Coms plc Group has banking facilities in place which are secured through fixed and floating charges over the Company and all property and assets of Coms plc group, of which the Company is a member.

Likely future developments

Redstone is looking to build on the foundations made in this current year and is looking to achieve conservative growth in the coming year of between 3% and 5%.

It is critical that we are able to try and foresee what is happening in our market place and to have the foresight to predict, envisage, imagine and create the future evolution of technology and in the coming year our focus will be within the Smart Building arena . This is key within our strategy so that we understand the services delivered today are as future proof as possible, and that they can be upgraded if required in order that the our business is evolving to meet the changing needs of our customers.

PRINCIPAL RISKS AND UNCERTAINTIES

The senior management is aware of its responsibility for managing risk and how this might prevent the company from delivering its strategy. Risk is reviewed at Board level to ensure risk management is monitored and implemented effectively. The policy is to enable risk migration through a carefully thought out process with insight into cause and effect within our own actions as well as predictions on elements outside of our control, whilst also regularly reviewing insurance policies where risks of a high nature may occur. Standard form contracts are delivered to help achieve this with elements of approved parameters and delegated authority levels distributed throughout the business.

The group could potentially be affected by a number of uncertain risks that are not wholly all within its control. Some of the key risks are as follows:-

- Potential further deterioration of the global and UK economy
- Regulatory changes
- Maintaining and ensuring that we continue to attract the right calibre of staff

STRATEGIC REPORT

FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has a variety of financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are market risk (including foreign exchange risk, cash flow interest rate risk and price risk) credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year

a) Market risk

i) Foreign exchange risk

The company is exposed to transaction foreign exchange risk occasionally. If transaction exposures, including those associated with forecast transactions were significant, they would be hedged when known, principally using forward currency contracts. These are infrequent and whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account

ii) Cash flow interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. Borrowings at variable rates expose the company to cash flow interest rate risk. The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift and manages its cash flow interest rate risk by using hedges where appropriate

iii) Price risk

The company is not exposed to significant commodity price risk

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, amounts recoverable on contracts and committed transactions. In order to manage credit risk the directors set individual risk limits for customers based on a combination of payment history and third party credit references. The utilisation of credit limits, ageing debt and collection history is regularly monitored with appropriate action taken by management in the event of a breach of credit limit

c) Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

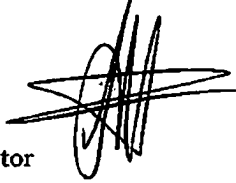
**STRATEGIC REPORT
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

EMPLOYEES

The company's employment policies are designed to ensure that they meet the statutory, social and market practices in the UK where the company operates. The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its relationship with its staff

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a stylized 'D' followed by several vertical strokes and a horizontal line at the bottom.

D Breith - Director

6 February 2015

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

The directors present their report with the financial statements of the company for the period 1 April 2013 to 31 January 2014.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the supply and then maintenance of tailor-made communication solutions in the arena of network and cabling infrastructures.

DIVIDENDS

An interim dividend of £5.56 per share was paid on 31 October 2013. The directors recommend that no final dividend be paid.

The total distribution of dividends for the period ended 31 January 2014 will be £5,000,000.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 1 April 2013 to the date of this report are as follows:

Mrs S Alexander - appointed 21 November 2013
D Breith - appointed 21 November 2013
A C Weaver - resigned 21 November 2013
P J Hallett - resigned 21 November 2013
I A Smith - resigned 21 November 2013
B Loughrey - appointed 2 January 2014
M Salter - appointed 2 January 2014
S Williams - appointed 2 January 2014

DIRECTORS INDEMNITY

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Offices' liability insurance in respect of itself and its Directors

DISCLOSURE IN THE STRATEGIC REPORT

The following items are included within the strategic report

Employees

The company's policy in respect of disabled persons regarding consideration to applications for employment, continuing their employment and their training, career development and promotion.

Action taken to introduce, maintain or develop arrangements in connection with employees, in respect of the provision of information, consultation, involvement in performance and awareness of factors affecting the company.

Risk exposure

Financial risk management objectives.

Exposure of the company to price risk, credit risk, liquidity risk and cash flow risk.

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors confirm that to the best of their knowledge:

The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

The financial statements follow applicable accounting standards;

The strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and

the Annual Report and financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

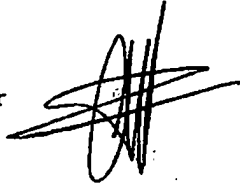
**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

AUDITORS

The auditors, Jeffreys Henry LLP, will not be proposed for re-appointment at the forthcoming Annual General Meeting, new auditors will be appointed.

ON BEHALF OF THE BOARD:

D Breith - Director

A handwritten signature in black ink, consisting of a stylized 'D' followed by several vertical and diagonal strokes.

6 February 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF REDSTONE CONVERGED SOLUTIONS LIMITED

We have audited the financial statements of Redstone Converged Solutions Limited for the period ended 31 January 2014 on pages twelve to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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

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 Report of the Directors 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 2014 and of its loss for the period 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
REDSTONE CONVERGED SOLUTIONS LIMITED**

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.

David Warren

Mr D Warren (Senior Statutory Auditor)
for and on behalf of Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

6 February 2015

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

	Notes	Period 1/4/13 to 31/1/14		Year ended 31/3/13	
		£	£	£	£
TURNOVER	2		22,660,760		45,163,885
Continuing operations		22,660,760		30,814,565	
Discontinued operations		-		14,349,320	
Cost of sales	3		17,803,573		35,647,061
GROSS PROFIT	3		4,857,187		9,516,824
Net operating expenses	3		12,085,950		8,315,790
OPERATING (LOSS)/PROFIT	6		(7,228,763)		1,201,034
Continuing operations		(7,228,763)		1,951,865	
Discontinued operations		-		(750,831)	
Profit/loss on sale of operatn			-		616,738
			(7,228,763)		1,817,772
Interest receivable and similar income	7		31		33
			(7,228,732)		1,817,805
Interest payable and similar charges	8		1		45,007
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(7,228,733)		1,772,798
Tax on (loss)/profit on ordinary activities	9		1,496,906		(137,000)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD			(8,725,639)		1,909,798

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current period and the profit for the previous year.

The notes form part of these financial statements

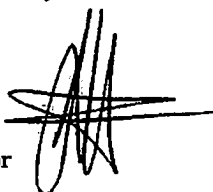
REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

**BALANCE SHEET
31 JANUARY 2014**

	Notes	31/1/14		31/3/13	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		711,178		152,164
Investments	12		-		-
			<u>711,178</u>		<u>152,164</u>
CURRENT ASSETS					
Stocks	13	345,827		310,711	
Debtors	14	7,049,279		19,867,774	
Cash at bank		<u>304,245</u>		<u>5,651,889</u>	
		7,699,351		25,830,374	
CREDITORS					
Amounts falling due within one year	15	<u>7,213,116</u>		<u>11,059,486</u>	
NET CURRENT ASSETS			<u>486,235</u>		<u>14,770,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,197,413</u>		<u>14,923,052</u>
CAPITAL AND RESERVES					
Called up share capital	19		900,000		900,000
Profit and loss account	20		<u>297,413</u>		<u>14,023,052</u>
SHAREHOLDERS' FUNDS	23		<u>1,197,413</u>		<u>14,923,052</u>

The financial statements were approved by the Board of Directors on 6 February 2015 and were signed on its behalf by:

D Breith - Director



The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The directors have reviewed the principal accounting policies of the company and consider they remain the most appropriate for the company. The principal accounting policies of the company which have remained unchanged from the previous period and applied consistently throughout the year are set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Preparation of consolidated financial statements

The financial statements contain information about Redstone Converged Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Coms Plc, a company registered in England and Wales.

Financial Reporting Standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured. Turnover is measured at the fair value of its consideration received, excluding discounts, value added tax and other sales duty.

Turnover from fixed price construction contracts is recognised on the percentage of completion method, to the extent that the level of completion for a contract can be reliably measured. Turnover includes expenses to the extent that they are recoverable. Where the percentage of completion cannot be reliably measured, turnover is recognised when specified contractual milestones are met or on project completion. When it is probable that the total contract costs will exceed total turnover, the expected loss is recognised immediately. Turnover relating to contractual maintenance is recognised evenly over the period of the agreement.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as 'amounts receivable on contracts' within debtors. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as deferred income within creditors.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

All tangible fixed assets are recorded at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold improvements	- depreciated over the length remaining on the corresponding lease
Fixtures & fittings	- 5 years straight line
Office equipment	- 3 years straight line

Fixed asset investments

Fixed asset investments are included at cost less amounts written off for impairment. These are reviewed for impairment where the directors believe there has been an indication of potential impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are valued at the lower of standard cost and net realisable value on a first in first out (FIFO) basis after making allowance for any obsolete or slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchase and leasing commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of estimated useful life and lease term, future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Pension costs and other post-retirement benefits

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

1. ACCOUNTING POLICIES - continued

Critical accounting policies and estimates

The preparation of the financial statements under UK GAAP requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of turnover and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company as at 31 January 2014 are discussed below.

Turnover and margin recognition: The Company's turnover recognition and margin recognition policies, which are set out in the turnover accounting policy are central to how the company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of long term construction services and support service contracts, which require assessments and judgements to be made on recovery of pre-contract costs, changes in scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

2. TURNOVER

The turnover and loss (2013 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
United Kingdom	22,282,215	44,870,570
Europe	378,545	293,315
	<u>22,660,760</u>	<u>45,163,885</u>

3. ANALYSIS OF OPERATIONS

	Continuing £	31/1/14 Discontinued £	Total £
Cost of sales	<u>17,803,573</u>	<u>-</u>	<u>17,803,573</u>
Gross profit	<u>4,857,187</u>	<u>-</u>	<u>4,857,187</u>
Net operating expenses:			
Administrative expenses	<u>12,085,950</u>	<u>-</u>	<u>12,085,950</u>

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

3. ANALYSIS OF OPERATIONS - continued

	Continuing £	31/3/13 Discontinued £	Total £
Cost of sales	<u>24,322,722</u>	<u>11,324,339</u>	<u>35,647,061</u>
Gross profit	<u>6,491,843</u>	<u>3,024,981</u>	<u>9,516,824</u>
Net operating expenses:			
Administrative expenses	<u>4,539,978</u>	<u>3,775,812</u>	<u>8,315,790</u>

4. STAFF COSTS

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
Wages and salaries	1,520,546	3,595,856
Social security costs	197,210	-
Other pension costs	77,323	-
	<u>1,795,079</u>	<u>3,595,856</u>

The average monthly number of employees during the period was as follows:

	Period 1/4/13 to 31/1/14	Year ended 31/3/13
Administrative staff	30	62
Sales and distribution	213	252
	<u>243</u>	<u>314</u>

	2014 £	2013 £
Wages and salaries	8,530,553	14,710,455
Social security costs	988,090	1,676,338
Share based payments	-	5,841
Pension costs	207,490	493,470

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

5. DIRECTORS' EMOLUMENTS

Remuneration in respect of directors was as follows

	2014 £	2013 £
Aggregate emoluments (excluding pension contributions)	25,427	189,121
Value of company pension contributions to money purchase schemes	3,564	8,946
	<u>28,991</u>	<u>198,067</u>

Emoluments to highest paid director

	2014 £	2013 £
Total emoluments (excluding pension contributions)	25,427	189,121
Value of company pension contributions to money purchase schemes	3,564	8,946
	<u>28,991</u>	<u>198,067</u>

6. OPERATING (LOSS)/PROFIT

Operating profit is stated after charging

	2014 £	2013 £
Depreciation of owned tangible fixed assets	130,173	526,896
Audit fees	6,750	63,000
Operating lease costs		
Plant and machinery	178,289	110,641
Land and buildings	164,741	295,418
Hire of equipment	60,705	62,654
Significant one off items in relation to previous parent company		
Write off of parent company debt	8,794,117	-
Deferred tax asset removal	1,434,000	

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
Deposit account interest	<u>31</u>	<u>33</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
Bank interest	<u>1</u>	<u>45,007</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the period was as follows:

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
Current tax:		
UK corporation tax	62,906	-
Deferred tax	1,434,000	(137,000)
Tax on (loss)/profit on ordinary activities	<u>1,496,906</u>	<u>(137,000)</u>

Factors affecting the tax charge/(credit)

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

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
(Loss)/profit on ordinary activities before tax	<u>(7,228,733)</u>	<u>1,772,798</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 24%)	(1,662,609)	425,472
Effects of:		
Expenses not deductible for tax purposes	-	14,400
Capital allowances in excess of depreciation	(64,046)	-
Depreciation in excess of capital allowances	-	126,455
Utilisation of tax losses and group relief	(161,417)	(551,207)
Adjustment to short term timing differences	-	(15,120)
Intercompany bad debt write off and pre-acquisition trading	1,950,978	-
Current tax charge/(credit)	<u>62,906</u>	<u>-</u>

10. DIVIDENDS

	Period 1/4/13 to 31/1/14 £	Year ended 31/3/13 £
Ordinary shares of £1 each		
Interim	<u>5,000,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

11. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 April 2013	633,416	53,026	1,595,201	2,281,643
Additions	11,000	-	678,188	689,188
Disposals	-	-	(518,068)	(518,068)
At 31 January 2014	644,416	53,026	1,755,321	2,452,763
DEPRECIATION				
At 1 April 2013	534,030	47,764	1,547,685	2,129,479
Charge for period	83,654	2,012	44,508	130,174
Eliminated on disposal	-	-	(518,068)	(518,068)
At 31 January 2014	617,684	49,776	1,074,125	1,741,585
NET BOOK VALUE				
At 31 January 2014	26,732	3,250	681,196	711,178
At 31 March 2013	99,386	5,262	47,516	152,164

12. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following:

Comunica Group Limited
Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

13. STOCKS

	31/1/14 £	31/3/13 £
Raw materials	345,827	310,711

14. DEBTORS

	31/1/14 £	31/3/13 £
Amounts falling due within one year:		
Trade debtors	3,272,410	6,331,857
Amounts owed by group undertakings	357,057	8,253,544
Amounts recoverable on contract	2,980,949	3,251,364
Deferred tax asset	-	1,434,000
Prepayments and accrued income	438,863	526,151
	7,049,279	19,796,916

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

14. DEBTORS - continued

	31/1/14 £	31/3/13 £
Amounts falling due after more than one year:		
Amounts recoverable on contract	-	70,858
	<u> </u>	<u> </u>
Aggregate amounts	<u>7,049,279</u>	<u>19,867,774</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/1/14 £	31/3/13 £
Trade creditors	2,609,106	5,562,067
Payments received on account	166,528	338,243
Amounts owed to group undertakings	912,096	714,121
Tax	62,906	-
Social security and other taxes	988,389	1,739,840
Accruals and deferred income	2,474,091	2,705,215
	<u>7,213,116</u>	<u>11,059,486</u>

Included within the Accruals and deferred income total are the following provisions:-

- a) Due to a recent change in the corporate structure of the Redstone Group, prior to the acquisition by Coms Plc, HMRC carried out a PAYE review of the group. Included within the accruals and deferred income amount above is a provision for the maximum commitment due by Redstone Plc, its former parent company of, £178,000. The carrying amount of this provision at the year end is £16,178 (2013: £70,068), the movement relates to payments on account.
- b) As a result of the acquisition by Coms Plc, the company has relocated its offices which has given rise to a dilapidation provision of £125,335 (2013: £nil), based on management's best estimate.

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	31/1/14 £	31/3/13 £	31/1/14 £	31/3/13 £
Expiring:				
Within one year	126,057	176,800	76,893	74,797
Between one and five years	393,677	81,250	58,826	116,272
	<u>519,734</u>	<u>258,050</u>	<u>135,719</u>	<u>191,069</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

17. FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual obligation of financial instruments (including share capital) is equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

18. DEFERRED TAX

	£
Balance at 1 April 2013	(1,434,000)
Charge to profit and loss account during period	1,434,000
Balance at 31 January 2014	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

18. DEFERRED TAX - continued

Deferred tax

Deferred tax recognised in the financial statements relates predominantly to trading losses and is set out below

	2014 Recognised £	2013 Recognised £
Deferred tax asset		
As at 31 January 2014 and 31 March 2013	-	1,434,000
	-	1,434,000
	2014 £	2013 £
Tax losses	-	927,000
Accelerated capital allowances	-	481,000
Other	-	26,000
	-	1,434,000
At start of year	1,434,000	
Deferred tax charge in profit and loss account for the year	-1,434,000	
At end of year	-	

The company has, through an acquisition in a previous year, obtained £5,953,460 of accumulated tax losses. The losses relate to specific trading activities which the current management are in the process of developing again, these activities having declined in the period 2012-2014. The previous management had ascribed a value to the losses, the premise for which the current management are unable to ascertain. Consequently this value was written off in the year by the current management and the losses are reported, but have no current value ascribed to them. If the specific stream of work does come to fruition the losses have a potential value of £1,250,227 using the projected large company Corporation Tax rate of 21%.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/1/14 £	31/3/13 £
900,000	Ordinary	£1	900,000	900,000

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014**

20. RESERVES

	Profit and loss account £
At 1 April 2013	14,023,052
Deficit for the period	(8,725,639)
Dividends	(5,000,000)
	<u>297,413</u>
At 31 January 2014	<u>297,413</u>

21. ULTIMATE PARENT COMPANY

Coms plc is regarded by the directors as being the company's ultimate parent company.

The ultimate parent company is Coms Plc, a company incorporated in England and Wales. Coms Plc is quoted on the Alternative Investment Market of the London Stock Exchange.

22. POST BALANCE SHEET EVENTS

Since the year end uncertainties concerning the availability of brought forward corporation tax losses dating from the time that the Company was owned by Redstone plc and which amount to £7,032,608 have been resolved. The Company expects to consider the extent to which a deferred tax asset relating to these losses should be recognised in the accounts for the year to 31 January 2015.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31/1/14 £	31/3/13 £
(Loss)/profit for the financial period	(8,725,639)	1,909,798
Dividends	(5,000,000)	-
	<u>(13,725,639)</u>	<u>1,909,798</u>
Net (reduction)/addition to shareholders' funds	(13,725,639)	1,909,798
Opening shareholders' funds	14,923,052	13,013,254
	<u>1,197,413</u>	<u>14,923,052</u>
Closing shareholders' funds	<u>1,197,413</u>	<u>14,923,052</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2013 TO 31 JANUARY 2014

24. DISCONTINUED OPERATIONS

On 28 March 2013 the company transferred its hardware maintenance and cloud business to a fellow group company which was subsequently sold to Redstone plc as part of the demerger of the Redstone group which took place in April 2013. All new information Communication and Technology (ICT) contracts from that date would form part of the demerged business and the company would no longer operate within the ICT area. As a result of the material change in the nature and focus of the group's operations that this disposal represented, it has been treated as a discontinued operation in the profit and loss account.

	2013 £
Revenue	14,349,320
Cost of sales	(11,324,339)
Gross profit	3,024,981
Administration expenses	(3,775,812)
Operating loss	(750,831)
Interest payable and similar charges	(45,007)
Loss on ordinary activities before tax	(795,838)
Tax on loss on ordinary activities	-
Loss on ordinary activities (from discontinued operations in the year)	-
Profit on disposal of the Network-Based Managed Services Business	£
Proceeds	700,000
Net assets at disposal	
Tangible assets	1,395,672
Current assets	1,704,829
Current liabilities	(3,017,239)
Net assets disposed of	83,262
Profit from disposal of discontinued operations	616,738