

REGISTERED NUMBER: 02027207 (England and Wales)

REDSTONE CONVERGED SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2015

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REDSTONE CONVERGED SOLUTIONS LIMITED

COMPANY INFORMATION

DIRECTORS:

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)

AUDITOR:

KPMG LLP
Chartered Accountants & Statutory Auditors
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2015**

Strategy, business model, risks and KPIs

Strategy

Redstone aims to be a leader in infrastructure, Smart Buildings and IT Managed Services. This business is currently based in the UK but has also operated in some overseas locations to support existing clients. Key priorities to develop Redstone's business include:

- To maintain Redstone's reputation as a market leader for service excellence and technical competence in its field. We will focus on continuing to provide high quality services to Redstone's clients by employing expert staff who are well versed in the Company's products and our clients' needs and continuing to maintain our multiple ISO and vendor accreditations.
- To grow the Smart Buildings offering through a combination of organic growth and acquisition.
- To focus on developing technology led intellectual property. The Company has already delivered exciting solutions in a number of landmark projects and has successfully productised some of its offerings.
- To grow the already successful Managed Services business through a combination of organic growth and, where possible, acquisition.
- To grow the annuity revenue in the business.
- To deliver improving profitability and cash generation.

Business model and risk profile

The Group's business model is to generate a return by providing an excellent service to its customers primarily in the UK but also in certain circumstances in overseas locations to support UK clients. Redstone's business focuses on higher value added products and services and to this end, it maintains the highest manufacturer accreditations.

Redstone's main activities are:

Managed Services: Around 45% of Redstone's revenue is derived from Managed Services. Managed Services encompasses the provision of outsourcing services spanning network infrastructure management, Smart Buildings support services, desktop and data centre support services and move, add and change services. Staff are normally based permanently on a client site. Contracts are generally on a long-term basis which allows services to be tailor-made and continuity of service in what are key support functions for our clients. Services are generally invoiced monthly in arrears.

Implementation: This comprises Smart Buildings and Cabling which contributes 55% of Redstone's revenues. Smart Buildings, at 6%, is small but has the potential for significant growth. The services range from adhoc intelligent solutions such as lighting projects to control energy costs to a full holistic integrated platform that offers better economic, social and environmental performance for buildings and their occupants. Systems incorporated may include LAN, One Space (Redstone branded desk utilisation and power management system), Energy Management, BIM, CCTV, ACS, Pull Printing, Cashless vending and intelligent lighting. Cabling involves design and installation of structured cabling systems and intelligent infrastructure management systems. Cabling has historically been the mainstay of Redstone's business and in 2015 accounted for some 49% of its revenue. As with Smart Buildings, revenue is project based and revenue recognition and invoicing tends to be on a staged basis.

KPI's

There are a number of KPI's which the Board uses to measure the Group's progress against the business plan:

- Growth in revenue and gross margin performance
- Turnover from continued operations

**STRATEGIC REPORT
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- Proportion of revenue which is recurring income
- Gross Profit from continuing operations
- EBITDA
- Trading (loss)/profit after taxation
- Cash flow generated by operations and by the Group as well as the net cash/overdraft position.

Risk management

The senior management is responsible for managing risk and assessing how this might prevent the Company from delivering its strategy. The key risks faced by the Company will continue to be reviewed at Board level to ensure risk management is monitored and implemented effectively. The policy is to identify the key risks which could affect the Company and to assess the appropriate mitigation, including use of insurance policies.

The Company could potentially be affected by a number of uncertainties and risks that are not wholly within its control. Some of the key risks and uncertainties are as follows:

- Potential deterioration of the UK economy
- Regulatory changes
- Maintaining and ensuring that the Company continues to attract and retain the right calibre of staff
- Controlling projects within their budgets including delivering the services in accordance with the project specifications and to the required standards
- Maintaining ISO and vendor accreditations
- Maintaining robust health and safety procedures to safeguard staff and clients
- Maintaining proper accounting and fiscal records to ensure the business is properly controlled
- Managing the Company's working capital requirements on big construction projects.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2015**

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 2015 are shown in the table below, along with prior year's comparatives for continued operations.

	2015	2014	% Change in year
KPIs			
Turnover from continued operations	29,468,355	22,660,760	30.0%
Gross Profit from continuing operations	5,158,193	4,857,187	6.2%
Trading (loss)/profit after taxation	231,555	(8,725,639)	102.7%

The KPIs are not directly comparable as the prior reporting period is ten months and the current accounting period was a year. Taking this into account and pro-rating the ten month figures the increase in turnover is 8.4% and the decrease in gross profit is 11.5%.

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 profit for the financial period before taxation of £231,555 (2014: loss £7,228,732).

Net assets of the company at the year-end were £1,428,968 (2014: £1,197,413).

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.

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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.

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.

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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

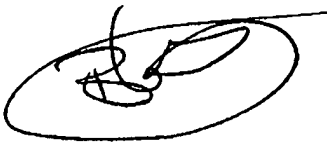
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

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 'B' and 'L' followed by a horizontal line, all enclosed within a large, loopy oval.

B Loughrey - Director

30 October 2015

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2015**

The directors present their report with the financial statements of the company for the year ended 31 January 2015.

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

The directors do not recommend payment of a dividend.

The total distribution of dividends for the period ended 31 January 2015 is nil (2014: 5,000,000).

EVENTS SINCE THE YEAR END

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 February 2014 to the date of this report are as follows:

B Loughrey

M Salter

S Williams

D Breith - resigned 1 March 2015

S Alexander – resigned 3 March 2015

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 has the benefit of Directors' and Officers' liability insurance in respect of itself and its Directors which is purchased by the Company's ultimate parent company.

DISCLOSURES 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 YEAR ENDED 31 JANUARY 2015**

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'B Loughrey', is written over a horizontal line.

B Loughrey - Director

30 October 2015

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2015**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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).

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.

ON BEHALF OF THE BOARD:



B Loughrey - Director

30 October 2015

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMEBERS OF REDSTONE CONVERGED SOLUTIONS LIMITED
FOR THE YEAR ENDED 31 JANUARY 2015**

We have audited the financial statements of Redstone Converged Solutions Limited for the year ended 31 January 2015 set out on pages 12 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 9, 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 January 2015 and of its profit 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 matter prescribed by the Companies Act 2006

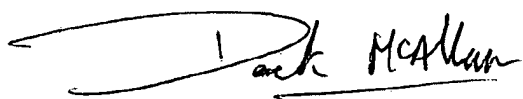
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMEBERS OF REDSTONE CONVERGED SOLUTIONS LIMITED
FOR THE YEAR ENDED 31 JANUARY 2015**

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Derek McAllan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

30 October 2015

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2015**

		Year Ended 31/01/15 £	Period 01/04/14 to 31/01/14 £
	Notes		
TURNOVER	2	29,468,355	22,660,760
Cost of sales		<u>(24,310,162)</u>	<u>(17,803,573)</u>
GROSS PROFIT		5,158,193	4,857,187
Net operating expenses		<u>(4,890,966)</u>	<u>(12,085,950)</u>
OPERATING PROFIT / (LOSS)	5	267,227	(7,228,763)
Interest receivable and similar income	6	120	31
Interest payable and similar charges	7	<u>(35,792)</u>	<u>(1)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		231,555	(7,228,733)
Tax on profit / (loss) on ordinary activities	8	<u>-</u>	<u>1,496,906</u>
PROFIT / (LOSS) FOR THE FINANCIAL PERIOD		<u>231,555</u>	<u>(8,725,639)</u>

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of the financial statements

REDSTONE CONVERGED SOLUTIONS LIMITED (REGISTERED NUMBER: 02027207)

**BALANCE SHEET
31 JANUARY 2015**

	Notes	31/01/2015		31/01/2014	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		<u>1,068,409</u>		<u>711,178</u>
			1,068,409		711,178
CURRENT ASSETS					
Stocks	12	213,938		345,827	
Debtors	13	9,486,108		7,049,279	
Cash at bank		<u>356,736</u>		<u>304,245</u>	
		10,056,782		7,699,351	
CREDITORS					
Amounts falling due within one year	14	9,588,542		7,089,581	
Provisions for liabilities	15	<u>107,681</u>		<u>123,535</u>	
		9,696,223		7,213,116	
NET CURRENT ASSETS			<u>360,559</u>		<u>486,235</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,428,968</u>		<u>1,197,413</u>
CAPITAL AND RESERVES					
Called up share capital	17	900,000		900,000	
Profit and loss account	18	<u>528,968</u>		<u>297,413</u>	
SHAREHOLDERS' FUNDS	20		<u>1,428,968</u>		<u>1,197,413</u>

These financial statements were approved by the board of directors on 30 October 2015 and were signed on its behalf by:



B Loughrey - Director

The notes form part of the financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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 ultimate parent company, 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 FORMING PART OF THE FINANCIAL STATEMENTS (continued)

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 the tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows;

Leasehold	- depreciated over the length remaining on the corresponding improvements 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 taxes 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 reducing balance basis, and the capital element which reduces the outstanding obligation for future instalments.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES - continued

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.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and gains and losses on translation are included in the profit and loss account.

2. TURNOVER

The turnover is attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
United Kingdom	27,639,654	22,282,215
Europe	1,676,147	378,545
Rest of world	152,554	-
	<u>29,468,355</u>	<u>22,660,760</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

3. STAFF NUMBERS AND COSTS

The average number of employees during the year, analysed by category was as follows:

	Number of employees	
	Year ended 31/01/15	Period 01/04/13 to 31/01/14
Administrative staff	22	30
Sales and distribution staff	237	213
	<u>259</u>	<u>243</u>

The aggregate payroll costs of these persons was as follows:

	Year ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Wages and salaries	10,936,282	8,530,553
Social security costs	1,213,827	988,090
Pension costs	<u>405,450</u>	<u>207,490</u>
	<u>12,555,559</u>	<u>9,726,133</u>

4. DIRECTORS' EMOLUMENTS

Remuneration in respect of the directors was as follows:

	Year ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Aggregate emoluments (excluding pension contributions)	424,547	25,427
Value of company pension contributions to money purchase schemes	43,380	3,564

Emoluments to highest paid director:

	Year ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Total emoluments (excluding pension contributions)	161,502	25,427
Value of company pension contributions to money purchase schemes	32,453	3,564

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

5. OPERATING PROFIT / (LOSS)

Operating profit is stated after charging:

	Year Ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Depreciation of owned tangible fixed assets	411,795	130,173
Audit fees	15,000	6,750
Operating lease costs		
Plant and machinery	88,000	178,289
Land and buildings	90,487	164,741
Hire of equipment	40,978	60,705
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

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Deposit account interest	<u>120</u>	<u>31</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Bank interest	<u>35,792</u>	<u>1</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

8. TAXATION

Analysis of the tax charge

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

	Year Ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Current tax:		
UK Corporation tax		62,906
Deferred tax		1,434,000
Tax on profit / (loss) on ordinary activities	-	1,496,906
	31/01/15 £	31/01/2014 £
Profit / (loss) on ordinary activities before tax	231,555	(7,228,733)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.33% (2014: 23%)	49,398	(1,662,609)
Effects of:		
Expenses not deductible for tax purposes	19,177	-
Capital allowances in excess of depreciation		(64,046)
Depreciation in excess of capital allowances	50,083	-
Utilisation of tax losses and group relief	(118,658)	(161,417)
Adjustment to short term timing differences		-
Intercompany bad debt write off and pre-acquisition trading		1,950,978
Current tax charge	-	62,906

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

9. DIVIDENDS

	Year Ended 31/01/15 £	Period 01/04/13 to 31/01/14 £
Ordinary shares of £1 each		
Interim	-	5,000,000

10. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures & Fittings £	Office equipment £	Total £
COST				
At 1 February 2014	644,416	53,026	1,755,321	2,452,763
Additions	544,803	78,749	217,684	841,236
Disposals	(740,514)	(53,026)	(2,250)	(795,790)
At 31 January 2015	448,705	78,749	1,970,755	2,498,209
DEPRECIATION				
At 1 February 2014	617,684	49,776	1,074,125	1,741,585
Charge for the period	111,680	12,425	287,690	411,795
Disposals	(668,304)	(53,026)	(2,250)	(723,580)
At 31 January 2015	61,060	9,175	1,359,565	1,429,800
NET BOOK VALUE				
At 31 January 2015	387,645	69,574	611,190	1,068,409
At 31 January 2014	26,732	3,250	681,196	711,178

11. 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (*continued*)

12. STOCKS

	31/01/2015 £	31/01/2014 £
Raw materials	<u>213,938</u>	<u>345,827</u>

13. DEBTORS

	31/01/2015 £	31/01/2014 £
Amounts falling due within one year:		
Trade debtors	3,618,624	3,272,410
Amounts owed by group undertakings	2,378,514	357,057
Amounts recoverable on contracts	2,773,065	2,980,949
Deferred tax asset		-
Prepayments and accrued income	<u>715,905</u>	<u>438,863</u>
	<u>9,486,108</u>	<u>7,049,279</u>

14. CREDITORS

	31/01/2015 £	31/01/2014 £
Amounts falling due within one year:		
Trade creditors	4,529,406	2,609,106
Payments received in account	329,529	166,528
Amounts owed to group undertakings	1,424,005	912,096
Tax	62,906	62,906
Social security and other taxes	1,695,640	988,389
Accruals and deferred income	<u>1,547,055</u>	<u>2,350,556</u>
	<u>9,588,542</u>	<u>7,089,581</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

15. PROVISIONS FOR LIABILITIES

	Repair obligation £
At 1 February 2014	123,535
Charged/(credited) to the income statement	
- Additional Provision	24,000
- Unused amounts reversed	(35,000)
Used during the period	(4,854)
At 31 January 2015	<u>107,681</u>

The company has various property leases which require the company to return the property to the landlord at the end of the tenancy in a specified condition. The above provision is recognised as the estimated cost of returning these premises to the condition specified in the leases.

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid:

	Land and buildings		Other operating leases	
	31/01/2015	31/01/2014	31/01/2015	31/01/2014
	£	£	£	£
Expiring:				
Within one year	100,513	126,057	98,605	76,893
Between one and five years	<u>293,164</u>	<u>393,677</u>	<u>103,117</u>	<u>58,826</u>
	<u>393,677</u>	<u>519,734</u>	<u>201,722</u>	<u>135,719</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

17. CALLED UP SHARE CAPITAL

			31/01/2015 £	31/01/2014 £
Allotted, issued and fully paid:				
Number:	Class:	Nominal Value:		
900,000	Ordinary	£1	<u>900,000</u>	<u>900,000</u>

18. RESERVES

	Profit and loss account £
At 1 February 2014	297,413
Profit for the year	<u>231,555</u>
At end of year	<u>528,968</u>

19. ULTIMATE PARENT COMPANY

At 31 January 2015, the directors considers the ultimate parent undertaking and controlling party of the company to be Coms PLC, a company registered in England and Wales and listed on the Alternative Investment Market, a sum market of the Long Stock Exchange.

Coms PLC is the parent undertaking of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are drawn up. The annual report and consolidated financial statements can be obtained from the Registrar of Companies, Companies House.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31/01/2015 £	31/01/2014 £
Profit / (loss) for the financial period	231,555	(8,725,639)
Dividends	<u>-</u>	<u>(5,000,000)</u>
Net addition / (reduction) to shareholders' funds	231,555	(13,725,639)
Opening shareholders' funds	<u>1,197,413</u>	<u>14,923,052</u>
Closing shareholders' funds	<u>1,428,968</u>	<u>1,197,413</u>