



REDSTOR HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2016

Company Number 04801821

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Country of incorporation

England and Wales

Company Number

04801821

Registered Office

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Web

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Directors and professional advisers**Directors**

Paul Evans
Anthony Ruane

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Solicitors

Boyes Turner
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Abbey Street
Reading
RG1 3BD

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
1020 Eskdale Road
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Strategic report

The strategic report is set out in two parts comprising the Chief Executive Officer's statement and the strategic review. The two parts should be read and considered together and not in isolation.

Chief Executive Officer's statement

I am pleased to report that 2016 was another year of continued growth for Redstor, with like for like revenue growing from £8,508,123 to £13,127,711 in 2016. The results to 2016 include a full 12 months of trading for the Attix5 group which was acquired in September 2015.

Underlying revenue for the period has increased from £10,448,777 to £13,127,711

We have now fully completed our transition which started in 2015 with the acquisition of Attix5. Redstor is now a fully fledged Software as a Service (SaaS), Data Management company, operating Internationally.

We find ourselves positioned really well in the middle of what is a growing market fuelled by an explosion in data growth as digital dominates our working and personal lives.

We help customers who are struggling to control, understand, manage and secure the proliferation of data as it moves continually between systems on their sites to external clouds and externally hosted environments. For the vast majority of our customers their data has moved from being just "stuff" that needs to be stored to something which is intrinsically valuable.

The beauty of the market we operate in is that everyone has to control, manage and secure their data. For our larger customers this is increasingly being driven by regulation and also by the need to protect their valuable information from the increasing security threats they are seeing.

Redstor finds itself in a privileged position operating in a large addressable market. We are addressing this opportunity with the Redstor Pro platform. This is our unified multitenanted Data Management Platform through which our customers can manage, control and secure all of their data from one place, whenever they need it, wherever it is.

To address our clear vision of the market opportunity we have invested heavily in Research and Development. This year we released our new client software which has been designed from the ground up in a modular way so we can address more data sets, build on our robust backup capabilities, enhance our DR offering and meet the growing demand for Data Archiving.

2016 was also year of heavy lifting as we invested significant monies in ensuring all our systems and processes were robust and scalable and able to support significant growth. During the year we successfully implemented a new CRM system, accounts package, Case Management software and Hubspot to improve our marketing. At the end of the year we also opened our brand new development centre in Somerset West, South Africa to give the expanded development team the space to support our product efforts.

Customers

We have a wonderful and growing customer community of over 40,000 around the world- underpinned by over 300 partners operating in most continents. The UK and South Africa continue to be strong markets for us. We are very pleased that our partners continue to invest in our software as they continue to meet their customers needs in many exciting ways.

Strategic report - Chief Executive Officer's statement continued**Financing**

We continue to generate cash and over the course of the financial year loan balances reduced by £1,438,141 to £3,634,402.

In what we feel is testament to a very well run business, despite the significant investments and heavy lifting we have been doing, Redstor continues to generate cash and is profitable. This bucks the trend amongst our peers in the SaaS business.

We are pleased to note that our Gross Profit Margin has increased to 58.85% (2015 : 54.43%) and 79.56% (2015 : 64.60%) of our revenue is recurring.

Our legacy solutions business still generates a consistent source of recurring gross margin for us.

During the year the Redstor team was increased by 6. As always they have met the challenges thrown at them through our culture of continual improvement and FLIP (fun, learning, integrity and profit).

I extend a big thank you to all our colleagues who have executed on the 'heavy lifting' of the past year to put us now in a fantastic position and also to our customers for their continued loyalty, feedback and support which we greatly appreciate.



Paul Evans
Chief Executive Officer

Date

25.05.17

Strategic report - continued**Strategic review****Principal Activity**

Redstor is an international Software as a Service (SaaS) data management company.

Introduction

Redstor's vision is to manage and protect all customers' data, wherever, whenever. Redstor has a strong presence in SMB and SME organisations in the UK and South Africa, predominantly via channel partners, with a smaller presence internationally. The majority of our recurring business results from sales of our own software, which we continue to develop to address a wider range of customer environments and to provide improved functionality. Our strategy is outlined in the CEO's report on pages 4 - 5.

KPI's

The Directors monitor the business using management reports and information, reviewed and discussed at fortnightly Management meetings. The most important of these KPI's have been included below:

	2016	2015 (Like for Like ; Underlying)
- Revenue	£13,127,711	(2015 : £8,508,123 ; £10,448,777)
- Gross Profit	£7,725,101	(2015 : £4,631,039 ; £7,077,840)
- Operating Profit	£2,149,802	(2015 : 1,144,304 ; £1,710,396)
- Recurring Gross Profit as a % of total Gross Profit	94.28%	(2015 : 90.30% ; 97.97%)
- Cash Balance at 30th November	£615,741	(2015 : £1,625,110)
- Number of employees at 30th November	76	(2015 : 70)
- Development pipeline and progress against expectations		

Business Review

Data management and security continues to be a critical area for companies of all sizes, with focus on digital security increasing through media exposure and recent malware attacks, while data volumes continue to rise. While the market opportunity is vast, we have focussed our attention on addressing the technical requirements of SME's and in starting to address the needs of Enterprises. In doing so, we continue to address the needs of the SMB and vSMB market through our extensive partner network. We will continue to market directly to end users and are seeing increasing success with larger data sets and larger customers.

Our primary focus is now in developing and selling our own IP, though we continue to sell third party products into our existing customer base where they offer the best fit. Our cloud business grew by 26% in 2016 (2015 : 21.70%), and now makes up 94.25% (2015: 68.03%) of our gross profit.

Strategic report - strategic review continued**Business Review - continued**

Our number of employees grew to 76 (2015: 70), based in three main offices in Reading (UK), Somerset West (South Africa) and Johannesburg (South Africa). We have fully integrated the South African and UK businesses under a single internal systems framework, with the management team split equally between UK and South Africa-based employees.

We remain committed to delivering the highest quality service to our customers. As part of this commitment we are certified to ISO9001 and ISO27001 standards.

Financial Review**Revenue**

Revenue grew in 2016 to £13,127,711 (2015 : £8,508,123), with the growth resulting from the full year effects of the acquired Attix5 businesses as well as underlying organic revenue growth. The cloud business grew both organically and through new customer acquisition in 2016 to £7,281,207 (2015 : £5,496,143). Recurring revenue in 2016 made up 79.56% of total revenue (2015 : 64.60%), reflecting our shift to higher quality recurring earnings.

We have good revenue visibility, with high levels of recurring revenue, and many of our customers pay annually in advance resulting in high levels of deferred revenue which we recognise over the period in which the services are provided.

Gross Profit

In analysing the performance of the business, Redstor's management team focus on Gross Profit above revenue. Gross Profit increased in 2016 to £7,725,101 (2015 : £4,631,039), with recurring gross profit contributing 94.28% of this figure (2015 : 90.30%).

Operating Profit

Our operating profit increased by 87.87 % to £2,149,802 (2015 : £1,144,304). The increase in administrative expenses from 2015 to 2016 is due to the full year effect of the Attix5 acquisition, though we have also seen an increase in costs in the second half of 2016 following increased recruitment, particularly in the development team. We continue to focus on cost discipline within the business and anticipate increasing operating profit.

Taxation

There is a tax charge for the year of £211,867 (2015 : £191,075). There is a carried forward tax loss of £1,143,209 (2015 : £1,908,473). R&D tax credits totalling £49,196 (2015 : £39,984) were received in the year.

Development Capitalisation

Ongoing development is assessed and capitalised where appropriate, and amortised on a straight-line basis at 20% per year. At 30th November 2016 the Net Book Value of capitalised development costs was £1,000,081 (30th November 2015: £773,728).

Goodwill

At 30th November 2016 the Goodwill balance was £5,283,202 (30th November 2015: £4,906,119), related entirely to the acquisition of the Attix5 businesses, the difference being due to exchange rate retranslation at the year end. This goodwill is subject to an annual impairment review.

Strategic report - strategic review continued**Cash Flows**

We continued to generate good operating cash flows in the business, with operating cashflows after movements in working capital of £1,676,752 (2015 : £1,264,251). Cash used in investing activities includes £537,016 (2014: £69,277) for capitalised development and £572,626 (2015: £188,699) for purchase of property, plant and equipment.

Principal risks and mitigation**Competition**

We may face increased competition as new software is released to market, or existing technologies expand their functionality to overlap with our capabilities. Our technology or approach to market could prove inferior, and could therefore adversely affect our performance.

Mitigation: We have increased our investment in research and development to ensure our technology remains competitive. We aim to grow both organically and through acquisition to benefit from economies of scale, and maintain a high-contact customer approach to ensure awareness of market trends.

Loss of key personnel

We are dependent on the capabilities and commitment of our employees, and particularly given our size, on a relatively small number of senior staff. The loss of key personnel could cause disruption or the loss of key capabilities or customers, and could therefore adversely affect our performance.

Mitigation: We offer a competitive package to employees which is reviewed on an annual basis. An employee share option scheme is in place for key personnel. We continue to increase staff headcount which will help to mitigate this risk.

Platforms and Network

The majority of our customers rely on our cloud services, which depend on the availability of our platforms and networks. The loss of availability for an extended period of time could have a significant impact on our ability to retain and attract customers, and could therefore adversely affect our performance.

Mitigation: Our systems and networks are built with multiple layers of redundancy and appropriate contingencies, and our operations are ISO9001 and ISO27001 certified to ensure adherence to appropriate standards.

Dependence on Key Suppliers

Our cloud operations rely on a small number of key suppliers, notably for the provision of connectivity, hosting services and software licences. Failure by one or more of these suppliers to provide their services to an appropriate standard could impact our ability to provide services to our customers, and could therefore adversely affect our performance.

Mitigation: We review the capabilities and financial strength of new key suppliers. We perform an annual audit of suppliers to ensure they are delivering products and services at the required level of quality and to assess the risk of supplier failure.

Strategic report - strategic review continued**Technology**

We operate in a dynamic market with technologies becoming redundant and new technologies being developed at a rapid pace. The development of technology which provides superior functionality to our own at an equivalent or lower price point could adversely affect our ability to retain and attract customers, and could therefore adversely affect our performance.

Mitigation: We continue to invest in Research and Development in order to improve and expand our technical capabilities. We work proactively with our existing customer base and prospective customers, as well as the wider market, to ensure we remain abreast of current and upcoming technology trends, using this market insight to drive the development process.



Paul Evans
Director
Date

25.05.17

Director's Report**Dividends**

The Directors have paid dividends in the year amounting to £ nil (2015 : £630,450)

Directors

The Directors of the Company during the year were as named below. All served throughout the year and remain Directors at the date of this report.

Paul Evans
Anthony Ruane

Directors' Interests

The Directors' interests in the share capital of the Company at 30 November are as disclosed below :

	Number of Ordinary Shares 30 November 2016	Number of Ordinary Shares 30 November 2015
Paul Evans	19,327,111	19,600,000
Anthony Ruane	8,228,679	8,400,000

No Director held any share options at 30 November 2016 or 2015

Research and Development

Information on research and development (technology) within the Group is shown in the Strategic Review on pages 6-9.

Future Developments

Information on the future development (Outlook) of the Group is shown in the Chief Executive Officer's statement which forms part of the strategic report.

Director's Report - continued**Post year end events**

There have been no events since the balance sheet date which require disclosure in these financial statements.

Auditor

Under section 487(2) of the Companies Act 2006 Grant Thornton UK LLP will be deemed to have been re-appointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

On behalf of the board



Paul Evans
Director

Date 25.05.17

Company number 04801821

Statement of Director's responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 and profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, so far as each Director is aware :

- there is no relevant audit information of which the group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Paul Evans
Director

Date 28.05.17

Independent auditor's report to the members of Redstor Holdings Limited

We have audited the group financial statements of Redstor Holdings Limited for the year ended 30 November 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, the directors are responsible for the preparation of the group 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 group 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 group financial statements give a true and fair view of the state of the group's affairs as at 30 November 2016 and of its profit for the year then ended ;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- The group financial statements 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Redstor Holdings Limited (continued)**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the group, or returns adequate for our audit have not been received from branches not visited by us; or
- the group 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.

Other matter

We have reported separately on the parent company financial statements of Redstor Holdings Limited for the year ended 30 November 2016.

GRANT THORNTON UK LLP

Pinkesh Patel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date 25 MAY 2017

Consolidated income statement for the year ended 30 November 2016

	Note	2016 (£)	2015 (£)
Continuing Operations			
Revenue	5	13,127,711	8,508,123
Cost of sales		(5,402,610)	(3,877,084)
Gross profit		7,725,101	4,631,039
Administrative expenses			
Before other amortisation		(5,130,924)	(3,421,038)
Amortisation		(444,375)	(65,699)
Administrative expenses		(5,575,299)	(3,486,737)
Operating profit	2	2,149,802	1,144,304
Finance expenses	6	(189,683)	(58,952)
Finance income	6	12,703	28,776
Profit before tax		1,972,823	1,114,128
Income tax expense	7	(211,867)	(191,075)
Profit for the year		1,760,956	923,053
Profit for the year from continuing operations		1,760,956	923,053
Attributable to :			
Equity holders of the parent		1,755,280	920,748
Non-controlling interests		5,676	2,305
		1,760,956	923,053
Earnings per share			
From continuing operations			
Basic (£)	8	0.06193	0.03246
Diluted (£)		0.05780	0.03010

The notes on pages 21 to 55 form part of these financial statements

Consolidated statement of comprehensive income for the year ended 30 November 2016

	2016 (£)	2015 (£)
Profit for the year	1,760,956	923,053
Other comprehensive income - exchange difference on translating foreign operations	440,769	17,253
	<u>2,201,725</u>	<u>940,306</u>
Attributable to :		
Equity holders of the parent	2,196,049	938,001
Non-controlling interests	5,676	2,305
	<u>2,201,725</u>	<u>940,306</u>

The notes on pages 21 to 55 form part of these financial statements

Consolidated statement of financial position as at 30 November 2016

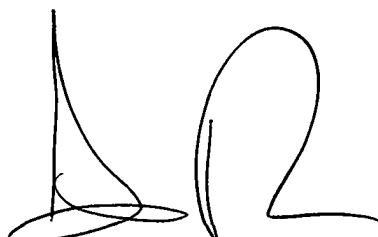
	Note	2016 (£)	2015 (£)
Assets			
Non current assets			
Goodwill	11	5,283,202	4,906,119
Other intangibles - customer relationships	11	573,719	682,386
Other intangibles - capitalised software	11	1,000,081	773,728
Property, plant and equipment	12	1,280,360	964,416
Total non-current assets		8,137,362	7,326,649
Current assets			
Other receivables	13	2,250,844	2,411,373
Trade receivables	13	2,454,323	1,261,677
Cash and cash equivalents		615,741	1,625,110
Total current assets		5,320,908	5,298,160
Total assets		13,458,270	12,624,809
Liabilities			
Current liabilities			
Loans and other borrowings	15	862,800	1,429,613
Finance leases	15	-	24,974
Trade payables	15	992,272	545,752
Corporation tax	15	160,294	303,747
Other payables	15	4,627,006	4,885,592
Total current liabilities		6,642,372	7,189,678
Non current liabilities			
Loans and other borrowings	15	2,771,602	3,617,956
Deferred tax	14	177,080	151,684
Total non current liabilities		2,948,682	3,769,640
Total liabilities	16	9,591,054	10,959,318
Net assets		3,867,216	1,665,491

The notes on pages 21 to 55 form part of these financial statements

Consolidated statement of financial position as at 30 November 2016 continued

	Note	2016 (£)	2015 (£)
Equity			
Share capital	18	284,341	284,341
Translation reserve	19	458,022	17,253
Retained earnings	19	3,103,462	1,348,182
Capital and reserves attributable to equity holders of the company		3,845,825	1,649,776
Non controlling interest	19	21,391	15,715
Total equity		3,867,216	1,665,491

The financial statements were approved by the Board of Directors and authorised for issue on 25th May 2017 and were signed on its behalf by :


Paul Evans
Director
Anthony Ruane
Director

The notes on pages 21 to 55 form part of these financial statements

Consolidated statement of changes in equity

	Share Capital (£)	Translation reserve (£)	Retained Earnings (£)	Total attributable to owners of the parent (£)	Non controlling interests (£)	Total (£)
2015						
Balance at 1 December 2014	284,341	-	1,057,884	1,342,225	-	1,342,225
Profit for year	-	-	920,748	920,748	2,305	923,053
Other comprehensive income :						
Exchange difference	-	17,253	-	17,253	-	17,253
Total comprehensive Income	-	17,253	920,748	938,001	2,305	940,306
Dividends paid	-	-	(630,450)	(630,450)	-	(630,450)
Increase in non controlling interest	-	-	-	-	13,410	13,410
Transactions with owners	-	-	(630,450)	(630,450)	13,410	(617,040)
Balance at 30 November 2015	284,341	17,253	1,348,182	1,649,776	15,715	1,665,491
2016						
Balance at 1 December 2015	284,341	17,253	1,348,182	1,649,776	15,715	1,665,491
Profit for year	-	-	1,755,280	1,755,280	5,676	1,760,956
Other comprehensive income :						
Exchange difference	-	440,769	-	440,769	-	440,769
Total comprehensive Income	-	440,769	1,755,280	2,196,049	5,676	2,201,725
Dividends paid	-	-	-	-	-	-
Increase in non controlling interest	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
Balance at 30 November 2016	284,341	458,022	3,103,462	3,845,825	21,391	3,867,216

The notes on pages 21 to 55 form part of these financial statements

Consolidated statement of cashflows

	2016 (£)	2015 (£)
Operating profit for the year from continuing operations	2,149,802	1,144,304
Adjustments for		
Depreciation	256,682	250,411
Amortisation	444,375	65,699
Income tax paid	(329,925)	28,745
Operating cashflows before movement in working capital	2,520,934	1,489,159
(Increase) / decrease in trade and other receivables	(1,032,116)	4,193,739
Increase / (decrease) in trade and other payables	187,934	(4,418,647)
Cash generated from continuing operations	1,676,752	1,264,251
Investing activities		
Acquisition of subsidiaries net of cash acquired		(5,072,476)
Purchase of other intangible assets	(537,016)	(69,277)
Purchase of property, plant & equipment	(572,626)	(188,699)
Disposal of property, plant & equipment	-	723
Interest received	12,703	28,776
Net cash used in investing activities	(1,096,939)	(5,300,953)
Financing activities		
Interest paid	(189,683)	(58,952)
Acquisition loan	-	4,808,813
Loan repayments	(1,413,167)	(48,484)
Capital repayments in respect of finance leases	(24,974)	(26,308)
Dividends paid	-	(630,450)
Net cash (used in) / generated from financing activities	(1,627,824)	4,044,619
Net (decrease) / Increase in cash	(1,048,011)	7,917
Cash at beginning of year	1,625,110	1,599,940
Foreign exchange in respect of exchange differences on cash and cash equivalents	38,642	17,253
Cash at end of year	615,741	1,625,110

The notes on pages 21 to 55 form part of these financial statements

Notes forming part of the consolidated financial statements**1 Significant accounting policies****Nature of operations**

Redstor Holdings Ltd (the "Company") and its subsidiaries (the "Group") is an international Software as a Service (SaaS) company offering a unified multitenanted Data Management platform to customers around the world.

General information

Redstor Holdings Limited, the Group's parent company is a company limited by shares, incorporated in England and Wales. Its registered office is Fourth Floor, Abotts House, Abbey Street, Reading, Berkshire, RG1 3BD.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"); these are presented on pages 56 to 66.

The financial statements have been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented.

Functional and presentation currency

The consolidated financial statements are presented in currency GBP, which is also the functional currency of the parent company.

Notes forming part of the consolidated financial statements continued**Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, note 16 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources and has a high proportion of recurring revenue. As a consequence, the directors believe that the Group is well placed to manage the business risks inherent in its activities despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 November each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All subsidiaries have a reporting date of 30 November.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in to line with those used by the company.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Notes forming part of the consolidated financial statements continued**Goodwill**

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of the fair value of consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

The purchase of a non-controlling interest is not a business combination within the scope of IFRS 3, since the acquiree is already controlled by its parent. Such transactions are accounted for as equity transactions, as they are transactions with equity holders acting in their capacity as such. No change in goodwill is recognised and no gain or loss is recognised in profit or loss.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See above for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses and is reviewed annually for impairment.

Intangible assets

Internally generated intangible assets are recognised only if they satisfy the IAS 38 criteria in that a separately identifiable asset is created from which future economic benefits are expected to flow and the cost can be measured reliably. The life of each assets is assessed individually.

Intangible assets acquired separately are measured in initial recognition at cost. The cost of intangibles assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Included in intangible assets acquired are customer relationships acquired as part of the acquisition of Attix5 Group.

The following useful economic lives have been applied :

Internally developed software	-	20% Straight line per annum
Customer relationships	-	14% to 20% straight line per annum

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Notes forming part of the consolidated financial statements continued**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of hardware, perpetual licences and other services are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods, or when the service has been completed. There are no service obligations attached to the sale of hardware or perpetual licences.

Revenue in respect of the sale of version protection and maintenance revenue relating to the sales of software is recognised in the profit and loss account over the period of the contract.

Revenue in respect of the company's own maintenance contracts is recognised in the profit and loss account over the period of the contract.

Foreign currencies

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

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the pounds sterling are translated into pounds sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into pounds sterling at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into pounds sterling at the closing rate. Income and expenses have been translated into pounds sterling at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Notes forming part of the consolidated financial statements continued**Retirement benefit costs**

The Group's subsidiary undertakings operate defined contribution retirement benefit schemes. Payments to these schemes are charged as an expense in the period to which they relate. The assets of the schemes are held separately from those of the relevant company and Group in independently administered funds.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Research and development tax credits ; The group receives tax credits relating to ongoing expenditure on research and development. Tax credits are recognised once the amount has been received from HM Revenue and Customs.

Finance income and expense

Finance interest income and expenses are reported on an accruals basis using the effective interest method.

Notes forming part of the consolidated financial statements continued**Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, less their residual values, over their estimated useful lives, using the straight line method, on the following bases :

Freehold property	-	2% per annum
Improvements to property	-	10% per annum
Plant and machinery, computer equipment and fixtures and fittings	-	33.33% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter over the terms of the relevant lease.

Impairment of property, plant and equipment and intangible assets (including goodwill)

At each reporting date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes forming part of the consolidated financial statements continued**Leasing**

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overnight deposits and treasury deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows :

Loans and receivables : These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less any provision for impairment. Receivables are considered for impairment when there is a risk of counterparty default.

Impairment : All financial assets except those at FVTPL are reviewed for impairment at each reporting date to identify whether there is any objective evidence that a financial asset or group of assets is impaired. Different methods are used to determine impairment as described above.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows :

Other financial liabilities : Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Notes forming part of the consolidated financial statements continued**Financial liabilities continued**

Bank and other borrowings are initially recognised at the fair value of the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liabilities and equity 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 Group after deducting all of its liabilities.

Operating segments

IFRS 8 "Operating Segments" requires the disclosure of segmental information for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed collectively by the Board of Directors.

Redstor Holdings Limited is a holding company that controls Redstor Limited and the Attix5 Group of companies. Its customers are based primarily in the UK, Europe and South Africa.

Financial information (including revenue and operating profits) is reported to the board on a segmental basis. Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned.

The Group has three operating segments, Cloud, Solutions (recurring) and Solutions (One off). Each of these segments is operated separately as each requires different technologies, marketing approaches and other resources.

In identifying these segments the Group took into account the sales and marketing approach, financial resource requirements and identifiable trends for each segment, as well as the variance in technology and delivery approach required for each segment.

Details of the group's reporting segments are provided in note 5.

Notes forming part of the consolidated financial statements continued**Significant judgements and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The nature of the Group's business is such that there can be unpredictable variation and uncertainty regarding its business. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant management judgements

The judgements that have a significant impact on the carrying value of assets and liabilities are discussed below :

Deferred tax asset

The group recognises a deferred tax asset in respect of temporary differences relating to capital allowances, revenue losses and other short term temporary differences when it considers there is sufficient evidence that the asset will be recovered against future taxable profits.

Internally developed software

Capitalisation of development costs requires the Group to make judgements in allocating staff time fairly to relevant projects and in deciding the points at which technical feasibility and economic viability have been reached.

Significant estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of intangible assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment used in the provision of data management services.

Impairment of non financial assets and goodwill

The value of non financial assets and goodwill is independently reviewed at the balance sheet date and any impairment proposed is shown in the year. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cashflows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Notes forming part of the consolidated financial statements continued***New standards and interpretations - in issue but not yet effective***

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Management are in the process of assessing the impact on the Group's financial statements of new standards, interpretations and amendments not either adopted or listed below.

IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases

Notes forming part of the consolidated financial statements continued**2 Operating Profit**

Operating profit is stated after charging / (crediting)

	2016 (£)	2015 (£)
Staff costs	3,121,261	2,162,285
Depreciation of property, plant and equipment :		
Owned Assets	256,682	219,061
Assets on finance leases	-	31,350
Amortisation of intangible assets	444,375	65,699
Research and development expenditure	493,971	61,007
Audit fees	37,500	48,000
Non audit fees - tax compliance services	9,800	9,500
Foreign exchange differences	56,118	4,941

The analysis of audit fees is as follows :

For the audit of the company's annual accounts	9,500	7,000
For the audit of the company's subsidiary accounts	28,000	41,000
	37,500	48,000

Notes forming part of the consolidated financial statements continued
3 Staff Costs

Staff costs comprise

	2016 (£)	2015 (£)
Wages and salaries	2,461,047	1,940,089
Employers National Insurance contributions	620,781	189,221
Defined contribution pension costs	39,433	32,975
	<u>3,121,261</u>	<u>2,162,285</u>

The average number of employees (including Directors) in the Group was as follows :

	2016	2015
Directors	2	2
General and administration	14	6
Operations	46	11
Sales and marketing	13	12
	<u>75</u>	<u>31</u>

4 Directors remuneration

The remuneration of the directors was as follows :

2016	Salaries and fees	Other	Total
Paul Evans	175,000	1,667	176,667
Anthony Ruane	175,000	1,667	176,667
	<u>350,000</u>	<u>3,333</u>	<u>353,333</u>
2015	Salaries and fees	Other	Total
Paul Evans	138,667	1,567	140,234
Anthony Ruane	140,667	-	140,667
	<u>279,334</u>	<u>1,567</u>	<u>280,901</u>

Notes forming part of the consolidated financial statements continued**4 Directors remuneration continued**

No Directors held any share options at 30 November 2016 or 2015.

Other remuneration relates to private healthcare insurance provided to the Directors.

The Directors are deemed to be the key management.

5 Operating segments**Analysis by business segment**

	Cloud £	Solutions - one off £	Solutions - recurring £	Total £
2016				
Revenue	9,020,684	2,544,955	1,562,073	13,127,711
Gross Margin	7,342,149	212,896	170,057	7,725,101
Profit before tax	1,875,025	54,369	43,429	1,972,823
2015				
Revenue	5,496,143	1,462,483	1,549,497	8,508,123
Gross Margin	3,758,599	449,000	423,440	4,631,039
Profit before tax	904,237	108,020	101,871	1,114,128

Notes forming part of the consolidated financial statements continued
5 Operating segments continued

2016	Cloud (£)	Solutions - one off (£)	Solutions - recurring (£)	Total (£)
Property, plant & equipment capital spend	544,239	15,781	12,606	572,626
Depreciation	243,958	7,074	5,650	256,682
Amortisation / impairment	422,346	12,247	9,782	444,375
Interest income	12,073	350	280	12,703
Interest expense	180,280	5,227	4,176	189,683
Tax expenses	201,364	5,839	4,664	211,867

2015	Cloud £	Solutions - one off £	Solutions - recurring £	Total £
Property, plant & equipment capital spend	199,055	23,779	22,425	245,259
Depreciation	203,237	24,279	22,895	250,411
Amortisation / impairment	53,322	6,370	6,007	65,699
Interest income	23,355	2,790	2,631	28,776
Interest expense	47,846	5,716	5,390	58,952
Tax expenses	169,978	20,305	19,150	209,433

Geographical analysis

	2016 (£)	2015 (£)
External revenue by location of customers		
UK	11,186,443	7,916,048
Rest of Europe	212,781	284,044
South Africa	1,623,059	296,732
Other	105,428	11,299
	13,127,711	8,508,123
Non current assets by location of assets		
UK	7,901,316	7,317,317
Rest of Europe	-	-
South Africa	236,046	9,332
Other	-	-
	8,137,362	7,326,649

Notes forming part of the consolidated financial statements continued
5 Operating segments continued

The Group had 1 customer (2015 : 1) that individually accounted for in excess of 10% of the Group's continuing revenue as follows :

	2016 (£)	2015 (£)
	2,809,222	2,282,000
	<u> </u>	<u> </u>

6 Investment revenues, other gains and losses and finance income and expense

		2016 (£)	2015 (£)
Finance income	Interest received	12,703	28,776
		<u> </u>	<u> </u>
Finance expense	Bank interest	14,837	9,280
	Mortgage interest	9,780	9,780
	Loan interest	165,067	39,892
		<u> </u>	<u> </u>
		189,683	58,952
		<u> </u>	<u> </u>

7 Income tax

	2016 (£)	2015 (£)
Current tax expense	224,919	208,135
Adjustment to prior period	10,748	(23,065)
Deferred tax movement	25,396	(4,011)
Tax payable under s455 CTA 2010	-	50,000
R&D Tax credit receivable	(49,196)	(39,984)
	<u> </u>	<u> </u>
Total tax recognised (continuing operations)	211,867	191,075
	<u> </u>	<u> </u>

Notes forming part of the consolidated financial statements continued

7 Income tax continued

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the UK applied to profits to the year are as follows :

	2016 (£)	2015 (£)
Profit before tax	1,972,823	1,114,128
Expected tax charge based on the prevailing rate of corporation tax in the UK of 20% (2015 : 20.33%)	394,565	226,519
Effects of		
Income not taxable	(25,911)	(39,840)
Expenses not deductible	47,147	47,755
Tax losses utilised	(194,072)	(24,174)
Other Adjustments	50,961	-
Change in tax rate	(22,375)	(6,136)
Adjustments to prior periods	10,748	(23,065)
Tax payable under s455 CTA 2010	-	50,000
R&D Tax credits receivable	(49,196)	(39,984)
	211,867	191,075

Notes forming part of the consolidated financial statements continued

8 Earnings per share

	2016	2015
From continuing operations		
Basic (£)	0.06193	0.03246
Diluted (£)	0.05780	0.03010

The calculation of the basic and diluted earnings per share is based on the following data :

	2016 (£)	2015 (£)
Earnings for the purposes of earnings per share from continuing operations	1,760,956	923,053

Weighted average number of shares for the purposes of earnings per share :

	2016	2015
Weighted average number of ordinary shares in issue	28,434,109	28,434,109
Dilutive effect of potential ordinary shares	2,034,864	2,227,444
Weighted average number of ordinary shares for diluted EPS	30,468,973	30,661,553

Movements in share options are as shown in note 9

9 Share Options

Redstor Holdings Limited adopted the Enterprise Management Incentive Plan (the "Plan") in 2004 for the groups key employees for the purpose of retaining their services. 11 (2015 :12) employees of the subsidiary Redstor Ltd benefit from the plan. The Board of Directors determines the period over which the options become vested, the exercise price, the terms of how and when the share option is exercised and performance conditions if any.

Options granted to date become exercisable on sale or listing and lapse after 10 years from date of grant.

Notes forming part of the consolidated financial statements continued

9 Share Options continued

A summary of option activity since 1 December 2014 is shown below :

	Number	Weighted Average exercise price
Outstanding at 1 December 2014	1,647,952	£0.0300
Granted	579,492	£0.0750
Exercised	-	-
Cancelled	-	-
Outstanding at 30 November 2015	2,227,444	£0.0400
Outstanding at 1 December 2015	2,227,444	£0.0400
Granted	-	-
Exercised	-	-
Cancelled	-192,580	£0.0267
Outstanding at 30 November 2016	2,034,864	£0.0230

The fair value of the share options is immaterial, therefore no share based payments charge is included in the financial statements.

Notes forming part of the consolidated financial statements continued**10 Subsidiaries**

The principal subsidiaries of Redstor Holdings Limited, all of which have been included in these consolidated financial statements are as follows :

Name	Country of Incorporation	Principal Activity	% Holding
Redstor Ltd	UK	Software sales	100%
Attix5 International	BVI	Holding Company	99.69%
Attix5 Africa Holdings Ltd	South Africa	Holding Company	100%

The following are owned as subsidiaries of Attix5 International Limited :

Attix5 CE Limited	UK	Software sales	100%
Attix5 Limited	BVI	Software sales	100%
Attix5 UK Limited	UK	Software sales	100%
Recovery Software Distribution Limited	UK	Software sales	100%
Attix5 Holdings Limited	UK	Holding Company	100%

The following are owned as subsidiaries of Attix5 Africa Holdings Limited

Attix5 Africa Limited	South Africa	Software sales	100%
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The following are owned as a branch of Attix5 UK Limited

Attix5 UK Limited	South Africa	Software Development	100%
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The following are owned by Redstor Holdings Limited and are currently dormant and therefore exempt from audit and are not included in these consolidated financial statements:

Centrastor Limited	UK	Dormant	100%
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Notes forming part of the consolidated financial statements continued
11 Goodwill and other intangible assets

	Goodwill (£)	Customer Relationships (£)	Internally developed software (£)	Total (£)
Cost				
At 1st December 2014	428,669	-	-	428,669
Acquisitions	4,906,119	704,671	747,865	6,358,655
Additions	-	-	69,277	69,277
	<u>5,334,788</u>	<u>704,671</u>	<u>817,142</u>	<u>6,856,601</u>
At 30 November 2015	5,334,788	704,671	817,142	6,856,601
Amortisation and Impairment				
At 1st December 2014	428,669	-	-	428,669
Charge for year	-	22,285	43,414	65,699
	<u>428,669</u>	<u>22,285</u>	<u>43,414</u>	<u>494,368</u>
At 30 November 2015	428,669	22,285	43,414	494,368
Cost				
At 1st December 2015	5,334,788	704,671	817,142	6,856,601
Acquisitions	-	-	-	-
Additions	-	-	537,016	537,016
	<u>5,334,788</u>	<u>704,671</u>	<u>1,354,158</u>	<u>7,393,617</u>
Total	5,334,788	704,671	1,354,158	7,393,617
Exchange revaluation	377,083	25,045	-	402,128
	<u>5,711,871</u>	<u>729,716</u>	<u>1,354,158</u>	<u>7,795,745</u>
At 30 November 2016	5,711,871	729,716	1,354,158	7,795,745
Amortisation and Impairment				
At 1st December 2015	428,669	22,285	43,414	494,368
Charge for year	-	133,712	310,663	444,375
	<u>428,669</u>	<u>155,997</u>	<u>354,077</u>	<u>938,743</u>
At 30 November 2016	428,669	155,997	354,077	938,743
Net Book Value				
At 30 November 2016	<u>5,283,202</u>	<u>573,719</u>	<u>1,000,081</u>	<u>6,857,002</u>
At 30 November 2015	4,906,119	682,386	773,728	6,362,233

Notes forming part of the consolidated financial statements continued**11 Goodwill and other intangible assets continued**

Goodwill relates to the acquisition of the Attix5 group of companies in 2015.

As required by IAS 38 goodwill is not amortised and is instead tested annually for impairment in the year following acquisition.

Other intangible assets comprise internally developed software and customer relationships.

Internally developed software is amortised on a straight line basis at 20% per annum.

Customer relationships are amortised on a straight line basis at rates between 14% and 20% per annum.

The net book value of internally generated intangible assets was £1,000,081 (2015 : £773,728).

Impairment testing

No impairment assessment was carried out in 2015 as the acquisition of the Attix5 groups took place close to the year end.

For the purpose of annual impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows :

	30 November 2016
Attix5 International Limited	3,320,413
Attix5 Africa Holdings Limited	1,962,789
Total	5,283,202

The recoverable amount of each CGU was determined based on value-in-use calculations, covering a detailed 3 year forecast , followed by an extrapolation of expected cashflows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of each CGU is set out below :

	30 November 2016
Attix5 International Limited	8,995,930
Attix5 Africa Holdings Limited	2,857,462
Total	11,853,392

Notes forming part of the consolidated financial statements continued**11 Goodwill and other intangible assets continued**

The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the CGU.

	Growth rates	Discount rates
	2016	2016
Attix5 International Limited	1.00%	9.87%
Attix5 Africa Holdings Limited	6.00%	20.69%

Growth rates

The growth rates reflect the long term average growth rates for the business of the CGUs.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

Cashflow assumptions

A discounted cash flow model has been applied to the forecast free cash flows projected to FY19 and then assumed a growth rate in perpetuity. Such forecasts are based on management's view of the most likely levels to be obtained by the respective entities over the forecast period. Assumptions have been reviewed and tested for reasonability and the forecasts adjusted accordingly. Such cash flows include expandable and maintainable capex items and reflect the ongoing operating cashflows of the CGUs. We have assumed a 6% terminal growth rate for the Attix5 Africa segment and a 1% terminal growth rate for Attix5 International that is considered reasonable given current CPIX forecasts.

Notes forming part of the consolidated financial statements continued
12 Property, plant and equipment

	Freehold property (£)	Improvements to property (£)	Computer equipment (£)	Furniture, fixtures & fittings (£)	Total (£)
Cost					
At 1 December 2014	541,407	224,869	1,006,133	53,991	1,826,400
Acquisitions	-	3,491	48,381	1,438	53,310
Additions	-	-	183,770	8,179	191,949
Disposals	-	-	(723)	-	(723)
At 30 November 2015	541,407	228,360	1,237,561	63,608	2,070,936
Depreciation					
At 1 December 2014	18,513	92,568	696,794	48,234	856,109
Charge for year	7,780	32,437	207,094	3,100	250,411
At 30 November 2015	26,293	125,005	903,888	51,334	1,106,520
Cost					
At 1 December 2015	541,407	228,360	1,237,561	63,608	2,070,936
Additions	-	162,411	357,138	53,076	572,626
At 30 November 2016	541,407	390,771	1,594,699	116,684	2,643,562
Depreciation					
At 1 December 2015	26,293	125,005	903,888	51,334	1,106,520
Charge for year	5,431	11,921	226,225	13,105	256,682
At 30 November 2016	31,724	136,926	1,130,113	64,439	1,363,202
Net Book Value					
At 30 November 2015	515,114	103,355	333,673	12,274	964,416
At 30 November 2016	509,683	253,846	464,586	52,245	1,280,360

Notes forming part of the consolidated financial statements continued**12 Property, plant and equipment continued**

Fixed assets included on the previous page which are held under finance leases are as follows :

	2016 (£)	2015 (£)
Cost		
Brought forward	113,601	113,601
Additions	-	-
Disposal	-	-
Carried forward	113,601	113,601
 Depreciation		
Brought forward	113,601	82,251
Charge for year	-	31,350
Disposal	-	-
Carried forward	113,601	113,601
 Net book value	-	-

Notes forming part of the consolidated financial statements continued
13 Trade and other receivables

	2016 (£)	2015 (£)
Trade receivables	2,454,323	1,261,677
Prepayment and other receivables	2,048,513	2,321,065
Interest recoverable	88,704	16,274
Accrued revenue	113,627	74,034
Total other receivables	2,250,844	2,411,373
Total receivables	4,705,167	3,673,050

The fair value of the trade receivables approximates to carrying value at 30 November 2016 and 2015.

The Group is exposed to credit risk with respect to trade receivables due from its customers, primarily in the energy and education sectors. All segments have a relatively large number of customers, however there is a dependency on a single customer who can and does place significant contracts. Provisions for bad and doubtful debts are made based on managements' assessment of the risk taking in to account the ageing profile, experience and circumstances. There were no significant amounts due from individual customers where the credit risk was considered by the Directors to be significantly higher than the total customer base.

Individual customers making up greater than 10% of trade receivables are as detailed below :

	2016 (£)	2015 (£)
Customer 1	711,296	299,413

There is no significant currency risk associated with trade receivables as the vast majority are denominated in the local currency of the trading company.

The ageing analysis of the trade receivables past due but not impaired is disclosed below :

	2016 (£)	2015 (£)
Up to 3 months	1,763,825	1,249,867
3 to 6 months	639,503	6,295
6 to 12 months	50,995	5,515
	2,454,323	1,261,677

Notes forming part of the consolidated financial statements continued**13 Trade and other receivables continued**

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Management have noted that the majority of the balances have been settled by the time the financial statements were approved.

14 Deferred tax

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events had occurred at that date that 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 periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Movements of the deferred tax liability for the year are as shown below :

	Accelerated capital allowances (£)	Relating to acquisition of customer relationships (£)	Total (£)
At 1 December 2014	41,356	-	41,356
Charges in year	-	110,328	110,328
At 1 December 2015	41,356	110,328	151,684
Charges in year	25,396	-	25,396
At 30 November 2016	66,752	110,328	177,080

Notes forming part of the consolidated financial statements continued**14 Deferred tax continued**

There are £1,143,209 (2015: £1,908,473) of group unrelieved losses relating to subsidiary undertakings resulting in a deferred tax asset of £215,568 (2015: £381,177). As there is a lack of certainty over when this will reverse, the deferred tax asset has not been recognised in the accounts.

15 Trade and other payables**Amounts due within 1 year**

	2016 (£)	2015 (£)
Loans and other borrowings :		
Bank loans	848,800	848,800
Vendor loan notes	-	566,813
Mortgages	14,000	14,000
	862,800	1,429,613
Finance leases	-	24,974
Trade payables	992,272	545,752
Corporation tax	160,294	303,747
Other payables :		
VAT	246,455	218,747
Social security	88,048	346,289
Deferred revenue	3,780,945	4,008,757
Accruals	510,378	277,246
Other payables	1,180	34,553
Total other payables	4,627,006	4,885,592
Total payables	6,642,372	7,189,678

The fair value of all trade and other payables approximates to book value at 30 November 2016 and 2015.

Notes forming part of the consolidated financial statements continued**15 Trade and other payables continued**

Amounts due after more than 1 year

	2016 (£)	2015 (£)
Bank loans	2,544,800	3,368,285
Mortgages	226,802	249,671
Finance leases	-	-
	2,771,602	3,617,956
Deferred tax (note 14)	177,080	151,684
Total due after more than 1 year	2,948,682	3,769,640

16 Financial instruments - risk management

The Group's principal financial instruments are :

- Trade receivables
- Cash at bank
- Loans and finance leases
- Trade and other payables
- Borrowings

The Group is exposed through its operations to one or more of the following financial risks :

- Cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Other market risk

Policy for managing these risks is set by the Board. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below.

Interest rate risk

The Directors do not have an explicit policy for managing cash flow interest rate risk. All current and recent borrowing has been on variable terms, with interest rates of 2.75% above base rate. All cash is managed centrally and subsidiary operations are not permitted to arrange borrowing independently.

Notes forming part of the consolidated financial statements continued
16 Financial instruments - risk management continued
Foreign currency risk

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency (pounds sterling or South African Rand). The Directors monitor and review their foreign currency exposure on a regular basis; they are of the opinion that as the Group's trading exposure is limited to transactions with a small number of customers and suppliers it is not appropriate to actively hedge that element of its foreign currency exposure, nor is its exposure to foreign currency risk considered to be significant.

Liquidity risk

The Group maintains significant cash reserves and therefore does not require facilities with financial institutions to provide working capital. Surplus cash is managed centrally to maximise the returns on deposits.

The Group considers expected cashflows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Groups existing cash resources and trade receivables (see Note 17) significantly exceed the current cash outflow requirements. Cashflows from trade and other receivables are all contractually due within six months.

As at 30 November 2016, the Group's non derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below :

30 November 2016	Current		Non Current	
	Within 6 Months (£)	6 to 12 Months (£)	1 - 5 Years (£)	Later than 5 Years (£)
Trade payables	992,272	-	-	-
Accruals	510,378			
Other payables	4,180			
Other bank borrowings	521,709	521,709	3,019,272	27,712
TOTAL	2,028,539	521,709	3,019,272	27,712

This compares to the maturity of the Group's non derivative financial liabilities in the previous reporting periods as follows:

30 November 2015	Current		Non Current	
	Within 6 Months (£)	6 to 12 Months (£)	1 - 5 Years (£)	Later than 5 Years (£)
Trade payables	545,752	-	-	-
Accruals	277,246			
Other payables	34,553			
Other bank borrowings	521,709	992,250	3,800,026	262,559
TOTAL	1,379,260	992,250	3,800,026	262,559

Notes forming part of the consolidated financial statements continued**16 Financial instruments - risk management continued***Credit risk*

The Group is mainly exposed to credit risk from credit sales. The Group's policy for managing and exposure to credit risk is disclosed in note 13.

Other market price risk

The Group has generated a significant amount of cash and this has been held as cash deposits. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis.

The Group considers its capital to include share capital, and retained earnings. Net debt includes short and long-term borrowings (including lease obligations) net of cash and cash equivalents. The Group has not made any changes to its capital management during the year. The Group is not subject to any externally imposed capital requirements.

An analysis of what the group manages as capital is outlined below :

	2016 (£)	2015 (£)
Total debt	9,591,054	10,959,318
Less cash and cash equivalents	615,741	1,625,110
Net debt / (funds)	8,975,313	9,334,208
Total equity / (capital)	3,867,216	1,665,491
Net debt / (funds) to capital ratio	0.4309	0.1784

Notes forming part of the consolidated financial statements continued
17 Financial assets and liabilities - numerical disclosures
Analysis of financial assets by category

	Loans and other receivables carried at amortised cost (£)	Financial liabilities measured at amortised cost (£)
30 November 2016		
Financial assets :		
Cash and cash equivalents	615,741	-
Trade and other receivables	2,656,654	-
Total financial assets	3,272,395	-
Financial liabilities :		
Trade and other payables	-	1,550,003
Loans and other borrowings	-	3,634,402
Total financial liabilities	-	5,184,405
Net financial assets / (liabilities)	3,272,395	(5,184,405)
30 November 2015		
Financial assets :		
Cash and cash equivalents	1,625,110	-
Trade and other receivables	1,351,985	-
Total financial assets	2,977,095	-
Financial liabilities :		
Trade and other payables	-	1,472,345
Loans and other borrowings	-	5,072,544
Total financial liabilities	-	6,544,889
Net financial assets / (liabilities)	2,977,095	(6,544,889)

Notes forming part of the consolidated financial statements continued**17 Financial assets and liabilities - numerical disclosures continued***Fair values*

The Directors consider the carrying values of all financial assets and liabilities to be a reasonable approximation of their fair values.

The maturity of borrowings (including finance leases) carried at amortised cost is as follows :

	2016 (£)	2015 (£)
Less than 6 months	449,709	449,709
Six months to one year	449,709	884,250
One to two years	899,418	1,744,307
Two to five years	1,813,854	1,767,719
More than five years	21,712	226,559
	3,634,402	5,072,543

The above borrowings are analysed on the balance sheet as follows :

	2016 (£)	2015 (£)
Loans and other borrowings (current)	862,800	1,429,613
Finance leases (current)	-	24,974
Loans and other borrowings (non current)	2,771,602	3,617,956
	3,634,402	5,072,543

Borrowings are secured on certain assets of the group and interest was charged at a rate of 2.75% above base rate during the year.

The mortgages and bank loans outstanding totalling £3,634,402 are secured by a first charge over the freehold of St James Wharf, 99-105 Kings Road, Reading.

During the year there was a technical covenant breach in respect of bank loans, which has subsequently been waived by the lender. There was no breach at the year end and no breach is forecast by the management going forward.

Notes forming part of the consolidated financial statements continued**17 Financial assets and liabilities - numerical disclosures continued****Interest rate risk management**

The Group is exposed to interest rate risk as it finances fixed asset purchases using both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rates on financial liabilities is detailed below.

The Group's exposure to interest rates on financial assets has been assessed by management as insignificant.

Interest rate sensitivity analysis

The sensitivity analysis below has been prepared based on the average liability held by the group over the year. A 1% increase or decrease represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 1% basis points higher and all other variables were held constant the Group's :

Profit for the year ended 30 November 2016 would decrease by £68,976 (2015 : £11,487)

If interest rates had been 1% basis points lower and all other variables were held constant, the Group's :

Profit for the year ended 30 November 2016 would increase by £68,976 (2015 : £11,487)

The Group's sensitivity to interest rate increased during the prior period mainly due to the increase in borrowings to facilitate the acquisition of the Attix5 Group, which took effect from September 2015.

18 Share capital

			2016	2015
Authorised	Ordinary Ordinary	Number £	28,434,109 284,341	28,434,109 284,341
Issued and fully paid	Ordinary Ordinary	Number £	28,434,109 284,341	28,434,109 284,341

Notes forming part of the consolidated financial statements continued**19 Reserves**

All movements on reserves are disclosed in the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within owner's equity :

Reserve	Nature and purpose
Share Capital	Represents amounts subscribed for shares at nominal value
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement
Translation reserve	Differences between book value and value at balance sheet date on assets and liabilities of foreign subsidiaries accounted for in local currencies
Non controlling interest	Represents the 0.31% minority shareholding of third party investors in Attix5 International Ltd

20 Directors' advances, credits and guarantees

The following advances and credits to directors subsisted during the year ended 30 November 2016 and 30 November 2015.

	2016 (£)	2015 (£)
P D Evans		
Balance outstanding at start of year	156,333	434,578
Amounts advanced	5,600	156,333
Amounts repaid	-	(434,578)
Balance outstanding at end of year	161,933	156,333
A M Ruane		
Balance outstanding at start of year	123,224	240,416
Amounts advanced	4,567	69,056
Amounts repaid	-	(186,248)
Balance outstanding at end of year	127,791	123,224

Notes forming part of the consolidated financial statements continued

21 Finance leases

The Group leases certain items of equipment . The future value of lease payments due are as follows :

	Computer equipment 2016 (£)	Computer equipment 2015 (£)
Not later than one year	-	24,974
	-	24,974

22 Contingent Liabilities

There are no contingent liabilities at the year end or prior year end.

23 Ultimate controlling party

The ultimate controlling party is P D Evans by virtue of his controlling interest in the issued share capital of the company.

24 Related party disclosures

As permitted, related party transactions with wholly owned members of Redstor Holdings Limited have not been disclosed.

25 Post balance sheet events

There are no events to report post the balance sheet date.



REDSTOR HOLDINGS LIMITED

PARENT COMPANY FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2016

Company Number 04801821

Statement of Directors responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including Financial Reporting Standard 101: 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 and profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

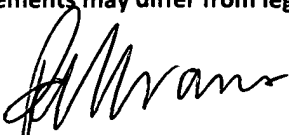
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, so far as each Director is aware :

- there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Paul Evans
Director

Date: 28.05.17

Independent auditor's report to the members of Redstor Holdings Limited Parent Company

We have audited the parent company financial statements of Redstor Holdings Limited for the year ended 30 November 2016 which comprise the company statement of financial position, the company statement of changes in equity and the related notes. 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), including FRS 101 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, the directors are responsible for the preparation of the parent company 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 parent company 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 parent company financial statements :

- give a true and fair view of the state of the company's affairs as at 30 November 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and Directors' Report for the financial year for which the group financial statements are prepared is consistent with the parent company financial statements.

**Independent auditor's report to the members of Redstor Holdings Limited Parent Company
(Continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

GRANT THORNTON UK LLP

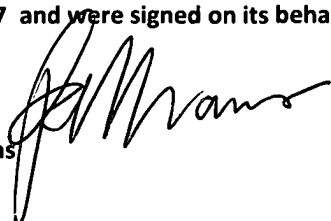
Pinkesh Patel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date 25 MAY 2017

Company statement of financial position

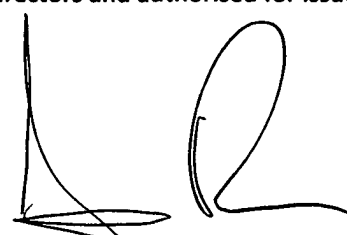
	Note	2016	2015
Assets			
Non-current assets			
Investments in subsidiaries	2	6,450,195	6,450,195
Total non-current assets		6,450,195	6,450,195
Current Assets			
Cash and cash equivalents		62,151	89
Other receivables	3	958	44,706
Amounts due from subsidiaries	3	179,951	
		243,060	44,795
Total assets		6,693,255	6,494,990
Liabilities			
Current Liabilities			
Amounts due to subsidiaries	4	3,125,428	1,566,956
Trade and other payables	4	12,544	-
Accruals	4	31,000	39,893
Bank Loan	4	848,400	848,400
Loan notes	4	-	566,813
Total current liabilities		4,017,372	3,022,062
Non-current liabilities			
Bank Loans	5,6	2,545,200	3,393,600
Total non-current liabilities		2,545,200	3,393,600
Total liabilities		6,562,572	6,415,662
Net assets		130,683	79,328
Equity			
Share Capital		284,341	284,341
Retained earnings		(153,658)	(205,013)
		130,683	79,328

The financial statements on pages 60 to 66 were approved by the Board of Directors and authorised for issue on 25th May 2017 and were signed on its behalf by :

Paul Evans
Director



Tony Ruane
Director



The notes on pages 62 to 66 form part of these financial statements

Company statement of changes in equity

	Share Capital £	Retained Earnings £	Total £
At 1 December 2014	284,341	206,128	490,469
Profit for year	-	219,309	219,309
Total	284,341	425,437	709,778
Transactions with owners			
Dividends paid	-	(630,450)	(630,450)
Balance at 30 November 2015	284,341	(205,013)	79,328
At 1 December 2015	284,341	(205,013)	79,328
Profit for the year	-	51,355	51,355
Balance at 30 November 2016	284,341	(153,658)	130,683

During the year ended 30 November 2015 the company declared and paid £630,450 in dividends. It came to the attention of the director's post year end that there were insufficient distributable reserves in the company at the time to pay the dividend. In order to rectify this position, on 29 September 2016, Redstor Limited agreed to pay £300,000 in dividends to the company.

Notes to the company financial statements**1 Accounting policies****Company information**

Redstor Holdings Limited is the parent company of the Redstor Group, a fully fledged, international, Software as a Service (SaaS) data management company.

Redstor Holdings Limited is a company limited by shares, incorporated in England and Wales. Its year end is 30 November. Its registered office is Fourth Floor, Abbots House, Abbey Street, Reading, Berkshire, RG1 3BD.

Accounting framework

These financial statements, which are prepared using the historical cost convention and on a going concern basis, are prepared in accordance with UK Generally Accepted Accounting Practice and applicable laws, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

As permitted by section 408 of the Companies Act 2006, the company income statement is not presented in this Annual Report. The group profit for the year includes a profit after tax of £51,355 (2015 – £219,309) relating to the company.

The following exemptions from the requirements of IFRS have been applied in the preparation of the financial statements, in accordance with FRS 101 :

- Paragraphs 45(b) and 46 of IFRS 2, 'Share-based payment';
- IFRS 7, 'Financial Instruments – Disclosures';
- Paragraphs 10(d), 10(f), 16, 38(A), 38 (B to D), 40 (A to D), 111 and 134 to 136 of IAS 1, 'Presentation of financial statements';
- IAS 7, 'Statement of cash flows';
- Paragraph 17 of IAS 24, 'Related party disclosures', and the further requirement in IAS 24 to disclose related party transactions entered into between two or more members of a Group;
- Disclosure of key management personnel compensation;
- Capital management disclosure; and
- Disclosure in respect of standards in issue not yet effective.

The financial statements are presented in GBP, which is also the functional currency of the company.

Notes to the company financial statements continued**1 Accounting policies (continued)****Going concern**

The group of which the company is the parent has considerable financial resources and has a high proportion of recurring revenue. As a consequence, the directors believe that the company is well placed to manage the business risks inherent in its activities despite the current uncertain economic outlook.

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these company financial statements.

Investments in subsidiary companies

Investments in subsidiary companies are held at cost less any impairment.

The carrying values of investments are reviewed for impairment when there is an indication that the investment might be impaired. Any provision resulting from an impairment review is charged to the income statement in the year concerned.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overnight deposits and treasury deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Notes to the company financial statements continued
1 Accounting policies (continued)
Foreign currencies

Foreign currency transactions are recorded at the exchange rate on the date of transaction. Foreign currency assets and liabilities are translated at the exchange rate at the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period.

2 Investments in subsidiary companies

The Company's directly owned subsidiary companies are shown below. A full list of indirect subsidiaries are shown in the group financial statements.

No impairment has been recognised against the investments.

	2016 (£)	2015 (£)
Redstor Limited	612,451	612,451
Attix5 International Limited	3,663,000	3,663,000
Attix5 Africa Holdings Limited	2,174,744	2,174,744
	<u>6,450,195</u>	<u>6,450,195</u>

3 Other receivables and amounts due from subsidiaries

	2016 (£)	2015 (£)
Other taxation receivable	-	44,706
Prepayments	958	-
Amounts due from subsidiaries	179,951	-
	<u>180,909</u>	<u>44,706</u>

4 Current liabilities

	2016 (£)	2015 (£)
Amounts due to subsidiaries	3,125,428	1,566,956
Accruals	31,000	39,893
Trade and other payables	12,544	-
Bank Loans	848,400	848,400
Loan note	-	566,813
	<u>4,017,372</u>	<u>3,022,062</u>
Total payables	4,017,372	3,022,062

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Notes to the company financial statements continued
5 Non-current liabilities

	2016 (£)	2015 (£)
Bank loans	2,545,200	3,393,600
Total payables	2,545,200	3,393,600

6 Loan maturity analysis

The maturity of borrowings (including loan notes) carried at amortised cost is as follows :

	2016 (£)	2015 (£)
Less than six months	424,200	424,200
Six months to one year	424,200	991,013
One to two years	848,400	848,400
Two to five years	1,696,800	2,545,200
More than five years	-	-
	3,393,600	4,808,813

The above borrowings are analysed on the balance sheet as follows :

	2016 (£)	2015 (£)
Bank loan (current)	848,400	848,400
Loan notes (current)	-	566,813
Bank loan (non-current)	2,545,200	3,393,600
	3,393,600	4,808,813

7 Share capital

			2016	2015
Authorised	Ordinary	Number £	28,434,109	28,434,109
	Ordinary		284,341	284,341
Issued and fully paid	Ordinary	Number £	28,434,109	28,434,109
	Ordinary		284,341	284,341

8 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 30 November 2015 or 30 November 2016.

Notes to the company financial statements continued**9 Ultimate controlling party**

The ultimate controlling party is P D Evans by virtue of his controlling interest in the issued share capital of the company.

10 Post balance sheet events

There have been no events since the balance sheet date which require disclosure in these financial statements.