

Registered number: 07031609

Keyser Holdings Limited

Unaudited Financial Statements

For the period ended 30 September 2010

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KEYSER HOLDINGS LIMITED

Unaudited Financial Statements

For the period ended 30 September 2010

Company information

Directors	Mr G Baines Mr E Garside
Company secretary	Mr R Jones
Company number	07031609
Registered office	The Storey Centre Meeting House Lane Lancaster LA1 1TH

KEYSER HOLDINGS LIMITED
Unaudited Financial Statements
For the period ended 30 September 2010

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Directors' report
For the period ended 30 September 2010

The directors present their annual report and the financial statements of Keyser Holdings Limited (the company) for the period ended 30 September 2010

Principal activities

The company was incorporated on 28 September 2009 and the financial statements have been prepared from this date. This is the first period that financial statements have been prepared for the entity. The principal activities of the company relate to the development of mobile phone technology applications and services.

Business review

Keyser Holdings Limited has just completed the first year of operations with a turnover of £165k making a gross margin of 40.43%, utilising external software developers. During the year overheads amounted to £108k including all start up and business establishment costs.

Prospects for 2011 have increased with the signing of development, content supply and platform porting contracts with Inspired Games and Antix Labs Limited.

Principal risks and uncertainties

The principal risks and uncertainties facing the company concern the availability of skilled mobile software developers.

Proposed dividends

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were as follows:

Mr G Baines	(Appointed 14 April 2010)
Mr P T Armer	(Appointed 28 September 2009 and resigned 26 March 2011)
Mr E Garside	(Appointed 27 April 2011)

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 17 to the financial statements.

This report was approved by the board on 27 JUNE 2011 and signed on its behalf



Mr G Baines
Director

KEYSER HOLDINGS LIMITED
Unaudited Financial Statements
For the period ended 30 September 2010

Statement of comprehensive income
For the period ended 30 September 2010

	<i>Note</i>	2010 £
Revenue	2	165,367
Cost of sales		(98,516)
		<hr/>
Gross profit		66,851
Administrative expenses		(106,912)
		<hr/>
Operating loss	3	(40,061)
Finance costs	7	(1,163)
		<hr/>
Loss on continuing operations before taxation		(41,224)
Taxation expense	8	8,711
		<hr/>
Loss for the period		(32,513)
		<hr/>
Loss attributable to the equity holders		(32,513)
		<hr/>
Total comprehensive loss for the period		(32,513)
		<hr/>

The notes on pages 7 to 16 form part of these financial statements

Statement of changes in equity
For the period ended 30 September 2010

Note

		Share capital £	Retained earnings £	Total £
As at 28 September 2009		-	-	-
Loss for the period		-	(32,513)	(32,513)
Shares issued for cash	15	100	-	100
As at 30 September 2010		100	(32,513)	(32,413)

The notes on pages 7 to 16 form part of these financial statements

Statement of financial position
As at 30 September 2010

Registered number: 07031609

	<i>Note</i>	2010 £	2010 £
Assets			
Non-current assets			
Property, plant and equipment	9		12,420
Investments	10		690
			<u>13,110</u>
Current assets			
Deferred tax asset	11	8,711	
Trade and other receivables	12	30,920	
Cash and cash equivalents		4,359	
		<u>43,990</u>	
Total assets			<u><u>57,100</u></u>
Equity and liabilities			
Equity attributable to equity holders			
Share capital	15		100
Retained earnings			(32,513)
Total equity			<u>(32,413)</u>
Non-current liabilities			
Long-term borrowings	14		14,991
Total non-current liabilities			<u>14,991</u>
Current liabilities			
Trade and other payables	13		74,522
Total current liabilities			<u>74,522</u>
Total liabilities			<u><u>89,513</u></u>
Total equity and liabilities			<u><u>57,100</u></u>

KEYSER HOLDINGS LIMITED

Unaudited Financial Statements

For the period ended 30 September 2010

Statement of financial position (continued)

Registered number: 07031609

As at 30 September 2010

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of sections 475 and 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act

The directors acknowledge their responsibilities for ensuring that the company keeps accounting record which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 30 September 2010 and of its loss for the period then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company

These financial statements were approved by the board of directors on *27 JUNE 2011* and were signed on its behalf by

Mr G Baines
Director



The notes on pages 7 to 16 form part of these financial statements

KEYSER HOLDINGS LIMITED
Unaudited Financial Statements
For the period ended 30 September 2010

Statement of cash flows

For the period ended 30 September 2010

	2010 £	2010 £
Cash flows from operating activities		
Loss before taxation	(41,224)	
Adjustments for		
Depreciation	2,785	
Interest expense	1,163	
Increase in trade and other receivables	(30,920)	
Increase in trade and other payables	74,522	
Cash generated from operations	6,326	
Interest paid	(1,163)	
Net cash generated from operating activities		5,163
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,205)	
Purchase of shares in group undertakings	(690)	
Net cash used in investing activities		(15,895)
Cash flows from financing activities		
Proceeds from issue of share capital	100	
Proceeds from long-term borrowings	14,991	
Net cash generated from financing activities		15,091
Net increase in cash and cash equivalents		4,359
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		4,359

Notes to the financial statements

1 Accounting policies

Keyser Holdings Limited is a limited company which is incorporated and domiciled in the United Kingdom. The registered office and principal place of business of the company is The Storey Centre, Meeting House Lane, Lancaster, LA1 1TH. The principal activities of the company relate to the development of mobile phone technology applications and services.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB), as adopted for use in the EU.

The company has departed from the requirements of IAS 27 to prepare consolidated financial statements on the grounds that the subsidiary undertakings are dormant and are not material. The financial statements therefore show the results of the company as an individual entity.

The financial statements have been prepared on a historical cost basis.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £32,413 which the directors believe to be appropriate for the following reasons. The company does not currently operate a bank overdraft facility. The directors and shareholders will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, given the general inherent risk with forecasting revenues in the current markets in which the company operates, the uncertainty inherent in the development of new applications and penetrating the related markets, and the uncertainty in the fund raising strategies to be undertaken, there can be no certainty that the company will continue to operate with sufficient funding.

These uncertainties might cast doubt on the company's ability to continue as a going concern and therefore the company might be unable to continue to realise their assets and discharge their liabilities in the normal course of business. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Revenue

Revenue from projects is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Turnover represents the net amounts charged or chargeable in respect of projects and applications supplied, value added tax, and other sales taxes. Revenue is recognised net of any discounts given to the customer.

Property, plant and equipment

All assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	20% per annum straight line
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Notes to the financial statements (continued)

Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment

Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between transactions in the financial statements and recognition in the tax computation

A deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the reporting period

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the statement of comprehensive income

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Cash and cash equivalents

Cash and cash equivalents include cash balances held by the company

Notes to the financial statements (continued)

2 Revenue

	2010 £
Communications	35,883
Applications development	129,484
	<hr/> 165,367 <hr/>

3 Operating loss

	2010 £
The operating loss is stated after charging	
Depreciation of tangible fixed assets	
- Owned by the company	2,785
	<hr/> 2,785 <hr/>

4 Employee costs

	2010 £
Wages and salaries	70,099
Social security costs	3,771
	<hr/> 73,870 <hr/>

5 Staff numbers

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

	2010 No.
IT staff	2
Administrative	3
	<hr/> 5 <hr/>

6 Directors' remuneration

	2010 £
Emoluments	20,833
	<hr/> 20,833 <hr/>

Notes to the financial statements (continued)

7 Finance costs

	2010 £
Interest paid on bank loans and overdrafts	1,163

8 Taxation

Analysis of tax charge in the period

	2010 £
Current tax	
UK corporation tax on loss for the period	-
Deferred tax (see note 11)	
Origination and reversal of timing differences	(4,938)
Losses and other deductions	(3,773)
Tax on loss on continuing operations	(8,711)

Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 21%. The differences are explained below

	2010 £
Loss on continuing operations before tax	(41,224)
Current tax at 21%	(8,657)
Effects of:	
Expenses not deductible for tax purposes	-
Capital allowances for period in excess of depreciation	(2,608)
Timing differences	7,304
Tax losses carried forward	3,961
Total current tax charge for the period	-

Factors that may affect future current and total tax charges

The company has trading losses carried forward of £18,864

It has been announced that the corporation tax rate applicable to the company has changed from 21% to 20% with effect from 1 April 2011

Notes to the financial statements (continued)

9 Property, plant and equipment

	Office equipment	Total
	£	£
Cost		
At beginning of period	-	-
Additions	15,205	15,205
Disposals	-	-
	<u>15,205</u>	<u>15,205</u>
At end of period	15,205	15,205
	<u>15,205</u>	<u>15,205</u>
Depreciation		
At beginning of period	-	-
Charge for period	2,785	2,785
On disposals	-	-
	<u>2,785</u>	<u>2,785</u>
At end of period	2,785	2,785
	<u>2,785</u>	<u>2,785</u>
Net book value		
At 30 September 2010	12,420	12,420
	<u>12,420</u>	<u>12,420</u>

Notes to the financial statements (continued)

10 Non-current investments

	Shares in subsidiary undertakings £
At beginning of period	-
Additions	690
At end of period	<u>690</u>

The company has investments in the Ordinary shares of the following subsidiary undertakings

	Country of incorporation	Principal activity	Shareholding
Appshen Limited	UK	Dormant	100% ordinary
Comshen Limited	UK	Dormant	90% ordinary
Future Proof Clothing Limited	UK	Dormant	100% ordinary

The company acquired the above subsidiaries on incorporation for cash consideration amounting to £690

The aggregate of the share capital and reserves as at 30 September 2010 and of the comprehensive income or loss for the period ended on that date for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves £	Comprehensive income/(loss) £
Appshen Limited	510	-
Comshen Limited	100	-
Future Proof Clothing Limited	<u>90</u>	<u>-</u>

11 Deferred tax asset

	2010 £
Origination and reversal of timing differences	4,938
Losses and other deductions	<u>3,773</u>
	<u>8,711</u>

A deferred tax asset has been recognised as after the end of the reporting period the company is generating monthly pre-tax profits

Notes to the financial statements (continued)

12 Trade and other receivables

	2010 £
Trade receivables	17,572
Receivables from related parties	4,680
Other receivables	8,668
	<hr/> 30,920 <hr/>

13 Trade and other payables

	2010 £
Trade payables	11,042
Payables to subsidiaries	690
Payables to related parties	12,957
Other payables	8,660
Accruals and deferred income	41,173
	<hr/> 74,522 <hr/>

14 Long-term borrowings

	2010 £
Payables to related parties	14,991
	<hr/>

Notes to the financial statements (continued)

15 Share capital

	2010 £
Authorised	
Equity 1,000 Ordinary shares of £1 each	1,000
	<hr/>
Allotted, issued and fully paid	
Equity 100 Ordinary A shares of £1 each	100
	<hr/>
On incorporation 100 Ordinary A shares of £1 each were issued at par for cash consideration	

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and buildings £	Other £
Operating leases which expire		
Within one year	24,000	5,957
	<hr/>	<hr/>
	24,000	5,957
	<hr/>	<hr/>

Notes to the financial statements (continued)

17 Financial risk management

Objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- (c) for trading purposes

In addition, the company has various other financial assets and liabilities such as trade receivables and trade payables arising directly from the company's operations

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Interest rate risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. Presently any loans held by the company bear no interest.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade receivables are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company seeks to invoice and be invoiced in its principal trading currency wherever possible so as to minimise its exposure to foreign currency movements. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. In the current year foreign exchange differences are immaterial.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The directors manage the working capital of the business in order that they can meet payment of liabilities as they fall due.

There are no externally imposed capital requirements.

Notes to the financial statements (continued)

18 Subsequent events

On 26 March 2011 the company disposed of the investment in Future Proof Clothing Limited

19 Directors' benefits: advances, credit and guarantees

During the period the company loaned funds interest free to Mr G Baines. The maximum overdrawn amount in the year was £4,680. At the end of the reporting period the company was owed £4,680 by Mr G Baines.

During the period the company loaned funds interest free to Mr P Armer. The maximum overdrawn amount in the year was £1,571. All amounts were repaid to the company during the year.

20 Related party transactions

During the period the company made purchases of £20,000 from Mr P Armer, a director. In addition the company borrowed funds interest free from Mr P Armer. At the end of the reporting period the company owed £12,957 to Mr P Armer.

During the period the company made sales of £58,379 to Fusion Mobile Systems Limited, a company in which Mr G Baines is a director. In addition the company borrowed funds interest free from Fusion Mobile Systems Limited. At the end of the reporting period the company owed £14,991 to Fusion Mobile Systems Limited.

During the period the company borrowed funds interest free from Appshen Limited, a subsidiary undertaking. At the end of the reporting period the company owed £510 to Appshen Limited.

During the period the company borrowed funds interest free from Comshen Limited, a subsidiary undertaking. At the end of the reporting period the company owed £90 to Comshen Limited.

During the period the company borrowed funds interest free from Future Proof Clothing Limited, a subsidiary undertaking. At the end of the reporting period the company owed £90 to Future Proof Clothing Limited.

21 Ultimate controlling party

The ultimate controlling party is Mr G Baines by virtue of his majority shareholding.