TORCHLIGHTGROUP LIMITED

ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2016

CONTENTS OF THE ABBREVIATED FINANCIAL STATEMENTS
for the year ended 30 June 2016

CONTENTS Page

CORPORATE INFORMATION
For the year ended 30 June 2016

DIRECTORS:	E C Dickson S C Lumley J E Williams J S Shaw U A Alashe A J McInerney E P Morgan D G McKenna I D Whillock
REGISTERED OFFICE	TorchlightGroup Ltd Windmill Hill Business Park Whitehill Way Swindon Wiltshire SN5 6QR
REGISTRERED NUMBER:	07672340 (England and Wales)
AUDITORS	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

INDEPENDENT AUDITORS REPORT
For the year ended 30 June 2016

We have examined the company's abbreviated accounts which comprise the Balance Sheet and the related notes 1 to 8, together with the financial statements of TorchlightGroup Limited for the year ended 30 June 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with Section 449 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Other Matters

The comparative figures are unaudited.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulation made under that section.

Ernst & Young LLP

Eleri James (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date: 19th January 2017

FINANCIAL POSITION
For the year ended 30 June 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	2	33,103	36,186
Investments:			
Investment in Subsidiaries	3	3	3
Investment in Associate	3	2	2
		33,108	36,191
CURRENT ASSETS			
Work in Progress		391,477	919,689
Debtors:			
Amounts falling due within one year		2,547,113	196,956
Cash at bank and in hand		216,335	3,046,491
		3,154,925	4,163,136
CREDITORS:			
Amount falling due within one year		(1,685,835)	(3,196,951)
NET CURRENT ASSETS		1,469,090	966,185
TOTAL ASSETS LESS CURRENT LIABILITIES		1,502,198	1,002,376
PROVISION FOR LIABILITIES		(5,959)	(7,237)
NET ASSETS		1,496,239	995,139
CAPITAL & RESERVES			
Called up share capital	4	300	300
Profit and loss account		1,495,939	994,839
EQUITY ATTRIBUTABLE TO OWNERS OF THE ULTIMATE PARENT		1,496,239	995,139

The directors acknowledge their responsibilities for:

a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006, and:
b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 17th January 2017 and were signed on its behalf by:

....

EC Dickson – Director

1. ACCOUNTING POLICIES

a) Statement of compliance

TorchlightGroup Limited is a company limited by shares, incorporated in England. The Registered Office is Windmill Hill Business Park, Whitehill Way, Swindon SN5 6QR.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 30th June 2016.

TorchlightGroup Limited is a 100% subsidiary of TorchlightGroup Holdings Limited the immdediate parent company, which in turn is a 100% owned subsidiary of the ultimate parent OverLeaf Holdings Limited, both companies are domiciled in the United Kingdom.

The Company transitioned from previously extant Financial Reporting Standard for Smaller Entities (effective April 2008) to FRS 102 as at 1st July 2015. An explanation of how the transition to FRS 102 has impacted the reported financial performance is given in note 6.

b) Basis of preparation and change in accounting policy

The financial statements of TorchlightGroup Limited were authorised for issue by the Board on 17th January 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company.

c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recognition of Margin on Projects
Margin on projects is recognised as the expected margin over the project matched to the recognition of revenue in respective periods.

The expected margin is established at the start of the project during bidding and refined before the project commences. The margin is continually reviewed as part of the ongoing periodic project reviews, to determine if there have been any changes which need to be reflected.

Where a change to the margin is determined to have occurred this is processed in the period it is identified.

d) Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows;

- Office Equipment – Over 1-4 years

The carrying values of tangible fixed asstes are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

e) Revenue Recognition

Revenue is recognised to the extent that the Company obtains the right to consideration exchanged for its performance. Revenue is measured at fair value of the consideration recieved, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of goods have passed to the buyer, usually on despatch of the goods, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering Services

Revenue from the provision of services is recognised by reference to the stage of completion. Stage of completion is measured by the completion planned activities either as a whole or as a sub-set of the entire project.

f) Government Grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respesct of capital expenditure are credited to a deferred income account and release to profit over the expected useful lives of the releveant assets by equal instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

g) Work in Progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

h) Provision for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event or it is probable that an outflow of economic benefits will be required to settle the obligation.

i) Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

j) Foreign currency translation

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

k) Equity Investments

Equity investments are recognised initially at the fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the income statement). Subsequently, they are measured at fair value through the profit and loss except for those equity investments that are not publicy traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a relaible measure become availiable.

l) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of less than three months from the date of acquistion.

m) Operating lease commitments

Expenses incurred under operating lease commitments (excluding maintenance or insurance) are expensed on a straight line basis.

n) Pensions and other post-retirement benefits

Company contributions under defined contribution schemes are recognised in the income statement in the period in which they become payable.

2. TANGIBLE FIXED ASSETS

	Office Equipment £
COST	
At 1 July 2015	59,270
Additions	24,289
Disposals	(30,310)
At 30 June 2016	53,249
DEPRECIATION	
At 1 July 2015	23,084
Charge for the year	15,830
Disposals	(18,768)
At 30 June 2016	20,146
NET BOOK VALUE	
At 30 June 2016	33,103
At 30 June 2015	36,186

3. INVESTMENTS

	Subsidiaries £	Associates £
COST		
At 1 July 2015 and 30 June 2016	3	2
NET BOOK VALUE		
At 30 June 2016	3	2
At 30 June 2015	3	2

3. INVESTMENTS (continued)

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

Investment	Class of share held	Proportion held by Company	Nature of business
Subsidiary undertakings			
Torchlight Defence Ltd	Ordinary	100%	Dormant
Torchlight Security & Justice Ltd	Ordinary	100%	Dormant
Torchlight Solutions Ltd	Ordinary	100%	Dormant
Associated Company			
CT Alliance Ltd	Ordinary	33.33%	Security

	2016 £	2015 £
Aggregate capital and reserves	-	(105,646)
Loss for the year	-	(59,050)

CT Alliance was dissolved on 18th October 2016, following a voluntarily application to be struck off the Companies House register as it no longer fulfilled it's primary purpose for the shareholders.

4. CALLED UP SHARE CAPITAL

	2016 No	2016 £	2015 No	2015 £
Allotted, Call up and fully paid:				
Ordinary A shares of 1p each	7,500	75	7,500	75
Ordinary B shares of 1p each	7,500	75	7,500	75
Ordinary C shares of 1p each	7,500	75	7,500	75
Ordinary D shares of 1p each	7,500	75	7,500	75
	30,000	300	30,000	300

On 4th August 2015 the entire issued share capital of the Company was acquired by TorchlightGroup Holdings Ltd.

5. DIRECTORS' ADVANCES AND CREDITS

The following advances and credits to Directors subsisted during the years ended 30 June 2016 and 30 June 2015:-

	2016	2015
	£	£
A Costley		
At 1 July	-	2,040
Amounts advanced	-	-
Amounts repaid	-	(2,040)
At 30 June	-	-
EC Dickson		
At 1 July	478	3,610
Amounts advanced	-	5,731
Amounts repaid	(478)	(8,863)
At 30 June	-	478
DS Field		
At 1 July	-	87
Amounts advanced	-	1,953
Amounts repaid	-	(2,040)
At 30 June	-	-
SC Lumley		
At 1 July	-	426
Amounts advanced	-	654
Amounts repaid	-	(1,080)
At 30 June	-	-

The above balances are included in the balance sheet under the heading "Other debtors". These balances are not interest bearing.

6. RELATED PARTY DISCLOSURES

CT Alliance Ltd

Throughout the financial year, EC Dickson Director and one of the Ultimate Controlling Parties, was also a director of CT Alliance Ltd, a company in which TorchlightGroup Ltd has a significant shareholding (33.3%).

Included within Other Debtors is a loan to CT Alliance Ltd of £32,998 (2015: £36,498) in relation to an interest free loan. A provision of £32,998 (2014: £36,498) has been made against the loan as it is not known whether this money will be repaid.

During the financial year, TorchlightGroup Ltd purchased services to the value of £Nil (£Nil) from CT Alliance Ltd. These transactions were at a commercial rate.

Transactions with Directors

During the year ended 30 June 2015, dividends totalling £530,000 were paid out to the Directors as follows:

	2015 £
Ordinary A shares – A Costley	135,000
Ordinary B shares – EC Dickson	135,000
Ordinary C shares – DS Field	135,000
Ordinary D shares – SC Lumley	125,000
	530,000

TorchlightGroup Holdings Limited acquired the entire issued share capital of the Company on 4th August 2015, TorchlightGroup Holdings Limited was equally owned by A Costley, EC Dickson and SC Lumley.

On 29th January 2016 OverLeaf Holdings Limited acquired the entire share capital of TorchlightGroup Holdings Limited, OverLeaf Holdings Limited is equally owned by EC Dickson and SC Lumley,

6. RELATED PARTY DISCLOSURES (continued)

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 30th June 2016, are as follows

Related Party	Sales to	Purchases from	Due to	Due from
TorchlightGroup Holdings Ltd	-	236,656	-	62,648
Cybsafe Limited	-	62,279	-	174,328
OverLeaf Holdings Limited	-	-	-	670,880

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within the normal course of business. During the period no amounts have been provided for doubtful debts with related parties, nor any guarantees provided or sought over these balance.

7. TRANSITION TO FRS 102

As a result of the requirement to accrue for holiday that was earned but not taken at the date of financial statement of position, there is a charge of £15,679 to the income statement for the year ended 30th June 2015, recognising the establishment of the liability at the year end.

8. ULTIMATE CONTROLLING PARTY

During the period, the company was under the control of the Directors and Shareholders of the Ultimate Controlling entity OverLeaf Holdings Limited, EC Dickson and SC Lumley, with no one party having overall control.