

TORCHLIGHTGROUP LIMITED
FILLETED FINANCIAL STATEMENTS
30 JUNE 2017

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TORCHLIGHTGROUP LTD

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for the year ended 30 June 2017

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TORCHLIGHTGROUP LTD

CORPORATE INFORMATION
For the year ended 30 June 2017

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

REGISTERED NUMBER:

07672340 (England and Wales)

AUDITORS

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

TORCHLIGHTGROUP LTD

FINANCIAL POSITION
For the year ended 30 June 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	4	34,076	33,103
Investment in Subsidiaries	5	3	3
Investment in Associate	5	-	2
		34,079	33,108
CURRENT ASSETS:			
Work in Progress	6	1,819	391,477
Debtors:			
Amounts falling due within one year	7	2,658,330	2,547,113
Cash at bank and in hand		1,021,029	216,335
		3,681,178	3,154,925
CREDITORS:			
Amount falling due within one year	8	(968,075)	(1,685,835)
NET CURRENT ASSETS		2,713,103	1,469,090
TOTAL ASSETS LESS CURRENT LIABILITIES		2,747,182	1,502,198
PROVISION FOR LIABILITIES	9	(3,397)	(5,959)
NET ASSETS		2,743,785	1,496,239
CAPITAL AND RESERVES			
Called up share capital	10	300	300
Profit and loss account		2,743,485	1,495,939
EQUITY ATTRIBUTABLE TO OWNERS OF THE ULTIMATE PARENT		2,743,785	1,496,239

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the *small companies regime* and in accordance with the provisions of FRS102. No Profit and Loss account has been included for filing.

The financial statements were approved by the Board of Directors on 29th November 2017 and were signed on its behalf by:



EC Dickson - Director

The notes form part of these financial statements.

NOTES TO THE FILLETED FINANCIAL STATEMENTS
For the year ended 30 June 2017

1. ACCOUNTING POLICIES

a) Statement of compliance

TorchlightGroup Limited is a company limited by shares, incorporated in England on the 16th June 2011. The Registered Office is Windmill Hill Business Park, Whitehill Way, Swindon SN5 6QR.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and FRS 102. There were no material changes from that standard as it applies to the financial statements for the year ended 30th June 2017.

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

b) Basis of preparation and change in accounting policy

The financial statements of TorchlightGroup Limited were authorised for issue by the Board on 29th November 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, with all figures rounded to the nearest pound.

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.

NOTES TO THE FILLETED FINANCIAL STATEMENTS
For the year ended 30 June 2017

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 assets 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 received, 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 of planned activities either as a whole or as a sub-set of the entire project.

f) 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.

g) 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.

NOTES TO THE FILLETED FINANCIAL STATEMENTS
For the year ended 30 June 2017

h) 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.

i) 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.

j) 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 publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure becomes available.

k) 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 acquisition.

l) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

m) Operating lease commitments

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

TORCHLIGHTGROUP LTD

NOTES TO THE FILLETED FINANCIAL STATEMENTS
For the year ended 30 June 2017

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. INDEPENDENT AUDITORS REPORT

The Company's auditors Ernst & Young LLP issued an unqualified audit opinion on the Company's full financial statements prepared under FRS102 without reference to any matters for attention.

The audit report was signed by Ken Griffin (Senior Statutory Auditor) for and on behalf of Ernst & Young LLP, on 6th December 2017.

3. STAFF COSTS

The average monthly number of employees during the year was 32 (2016:24) and the average number of directors was 9 (2016:4)

4. TANGIBLE FIXED ASSETS	Office Equipment £
COST	
At 1 July 2016	53,249
Additions	19,007
Disposals	(7,132)
At 30 June 2017	<u>65,124</u>
DEPRECIATION	
At 1 July 2016	20,146
Charge for the year	15,425
Disposals	(4,523)
At 30 June 2017	<u>31,048</u>
NET BOOK VALUE	
At 30 June 2017	<u>34,076</u>
At 30 June 2016	<u>33,103</u>

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NOTES TO THE FILLETED FINANCIAL STATEMENTS
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5. INVESTMENTS	Subsidiaries £	Associate s £
COST		
At 1 July 2016	3	2
Disposals	<u>-</u>	<u>(2)</u>
At 30 June 2017	<u>3</u>	<u>-</u>
NET BOOK VALUE		
At 30 June 2017	<u>3</u>	<u>0</u>
At 30 June 2016	<u>3</u>	<u>2</u>

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			
	Ordinary	100%	Dormant
Torchlight Defence Ltd			
Torchlight Security & Justice Ltd	Ordinary	100%	Dormant
Torchlight Solutions Ltd	Ordinary	100%	Dormant

CT Alliance an associate undertaking 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.

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6.	WORK IN PROGRESS	2017 £	2016 £
	Work in progress	1,819	391,477
	Gross amount due from customers for contract work included in debtors	236,316	864,680
	Gross amount due to customers for contract work included in creditors	69,635	319,181
7.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017 £	2016 £
	Trade debtors	550,587	524,904
	Amounts due from related parties	1,760,301	907,856
	Other debtors	111,126	86,201
	Taxes	-	163,472
	Amounts due from customers on contract work	236,316	864,680
		2,658,330	2,547,113
8.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017 £	2016 £
	Payments on account	69,635	319,181
	Trade creditors	206,511	343,312
	Taxation and social security	253,774	356,182
	Other creditors	14,094	23,852
	Accruals	424,061	643,308
		968,075	1,685,835

Included in Other Creditors is an unpaid pension contribution of £14,094 (2016: £8,253).

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9.	PROVISIONS FOR LIABILITIES		2017		2016
			£		£
	Deferred tax		<u>3,397</u>		<u>5,959</u>
			2017		2016
			£		£
	Balance at 1 July		5,959		7,237
	Accelerated capital allowances		<u>(2,562)</u>		<u>(1,278)</u>
	Balance at 30 June		<u>3,397</u>		<u>5,959</u>
10.	CALLED UP SHARE CAPITAL		2017		2016
		No	£	No	£
	Allotted, Called up and fully paid:				
	Ordinary A shares of £0.01 each	7,500	75	7,500	75
	Ordinary B shares of £0.01 each	7,500	75	7,500	75
	Ordinary C shares of £0.01 each	7,500	75	7,500	75
	Ordinary D shares of £0.01 each	<u>7,500</u>	<u>75</u>	<u>7,500</u>	<u>75</u>
		<u>30,000</u>	<u>300</u>	<u>30,000</u>	<u>300</u>

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11. RELATED PARTY DISCLOSURES

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 2017, are as follows

Related Party	Sales to	Purchases from	Due to	Due from
TorchlightGroup Holdings Ltd	-	-	-	-
OverLeaf Holdings Limited	4,013	211,112	21,732	-
Cybsafe Limited	1,651	60,000	-	106,575

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.

12. 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.