

# Financial Statements Edgespace Limited

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**For the year ended 31 May 2014**



**Registered number: 04335661**

## Company Information

<b>Director</b>	M Connors
<b>Company secretary</b>	M Connors
<b>Registered number</b>	04335661
<b>Registered office</b>	Stafford Road Stone Staffordshire ST15 0DG
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT

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# Director's report

For the year ended 31 May 2014

The director presents his report and the financial statements for the year ended 31 May 2014.

## **Director**

The director who served during the year was:

M Connors

## **Going concern**

The company made a loss for the year of £11,287 and had net liabilities of £234,962 at the year end.

In considering the going concern position of the company the director has taken into consideration the position of the parent undertaking, Datel Holdings Limited. The group continues to move away from its historical computer games products, and is reorganising itself to refocus on the smaller but more profitable technical solutions sector. However, the group has continued to incur significant losses and cashflows are tight.

In addition, there also remain a number of historical debts, principally relating to hire purchase liabilities and amounts due to the group's pension scheme, and the group requires the continued support of these creditors which the director believes to be likely.

The company also owes the Inland Revenue Section 455 tax amounting to £1m relating to overdrawn loan accounts. This tax is repayable following repayment of the loan accounts. In order for the parent company and the group to continue trading it is therefore necessary to recover these overdrawn loan accounts, amounting to £3.6m. Although there remains an uncertainty, the director believes that this will be forthcoming in due course.

Accordingly the director believes that it is appropriate to prepare the accounts on a going concern basis, albeit there remains a material uncertainty. The financial statements do not include any adjustments that would be necessary if this were not the case.

## **Director's responsibilities statement**

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## Director's report

For the year ended 31 May 2014

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

### **Disclosure of information to auditor**

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M Connors  
Director

Date:

26TH FEBRUARY 2015

## Independent auditor's report to the members of Edgespace Limited

We have audited the financial statements of Edgespace Limited for the year ended 31 May 2014, which comprise the profit and loss account, the balance sheet 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).

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 director and auditor**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its loss 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.

### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the group and the company's ability to continue as a going concern. The matters explained in note 1.2 to the financial statements regarding the parent company's and the group's ability to continue trading and meet its debts as they fall due, and the recovery of the outstanding debtor due from a current and former director, indicates the existence of a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the director's 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 Edgespace Limited

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report and in preparing the director's report.

A handwritten signature in black ink, appearing to read "David White".

David White (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Birmingham  
Date: 27/2/15.

# Profit and loss account

For the year ended 31 May 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1,2	<b>145,000</b>	-
Cost of sales		<b>(128,164)</b>	-
		<hr/>	<hr/>
<b>Gross profit</b>		<b>16,836</b>	-
Administrative expenses		<b>(28,123)</b>	<b>(25,777)</b>
		<hr/>	<hr/>
<b>Operating loss</b>	3	<b>(11,287)</b>	<b>(25,777)</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(11,287)</b>	<b>(25,777)</b>
Tax on loss on ordinary activities	4	-	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>	10	<b>(11,287)</b>	<b>(25,777)</b>
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.



## Balance sheet

As at 31 May 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Investment properties	5		-		199,367
<b>Current assets</b>					
Properties held for resale	6	996,836		925,633	
Debtors	7	13,792		15,649	
		<u>1,010,628</u>		<u>941,282</u>	
<b>Creditors:</b> amounts falling due within one year	8	<u>(1,245,590)</u>		<u>(1,364,324)</u>	
<b>Net current liabilities</b>			<u>(234,962)</u>		<u>(423,042)</u>
<b>Net liabilities</b>			<u>(234,962)</u>		<u>(223,675)</u>
<b>Capital and reserves</b>					
Called up share capital	9		1		1
Profit and loss account	10		<u>(234,963)</u>		<u>(223,676)</u>
<b>Shareholders' deficit</b>	11		<u>(234,962)</u>		<u>(223,675)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by the sole director:

M Connors  
 Director

Date:

26<sup>TH</sup> FEBRUARY 2015

The notes on pages 7 to 11 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 May 2014

## 1. Accounting policies

### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

### 1.2 Going concern

The company made a loss for the year of £11,287 and had net liabilities of £234,962 at the year end.

In considering the going concern position of the company the director has taken into consideration the position of the parent undertaking, Datel Holdings Limited. The group continues to move away from its historical computer games products, and is reorganising itself to refocus on the smaller but more profitable technical solutions sector. However, the group has continued to incur significant losses and cashflows are tight.

In addition, there also remain a number of historical debts, principally relating to hire purchase liabilities and amounts due to the group's pension scheme, and the group requires the continued support of these creditors which the director believes to be likely.

The company also owes the Inland Revenue Section 455 tax amounting to £1m relating to overdrawn loan accounts. This tax is repayable following repayment of the loan accounts. In order for the parent company and the group to continue trading it is therefore necessary to recover these overdrawn loan accounts, amounting to £3.6m. Although there remains an uncertainty, the director believes that this will be forthcoming in due course.

Accordingly the director believes that it is appropriate to prepare the accounts on a going concern basis, albeit there remains a material uncertainty. The financial statements do not include any adjustments that would be necessary if this were not the case.

### 1.3 Turnover

Turnover consists of the invoiced value (excluding VAT) of sales of property and is recognised on completion.

### 1.4 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the director, necessary in order to give a true and fair view of the financial position of the company.

### 1.5 Stocks

Properties held for resale are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

# Notes to the financial statements

For the year ended 31 May 2014

## 1. Accounting policies (continued)

### 1.6 Deferred taxation

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

A net 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.

### 1.7 Financial 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## 2. Turnover

The whole of the turnover is attributable to the sale of property.

All turnover arose within the United Kingdom.

## 3. Loss on ordinary activities before taxation

During the year, no director received any emoluments (2013 - £NIL).

Auditor's remuneration is borne by the parent undertaking.

The company had no employees during the year other than the directors (2013: none), who did not receive any remuneration (2013: £Nil).

# Notes to the financial statements

For the year ended 31 May 2014

## 4. Taxation

	2014 £	2013 £
UK corporation tax charge on loss for the year	-	-

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22.67% (2013 - 23.83%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(11,287)	(25,777)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.67% (2013 - 23.83%)	(2,559)	(6,143)
<b>Effects of:</b>		
Utilisation of tax losses	2,559	-
Unrelieved tax losses carried forward	-	6,143
<b>Current tax charge for the year</b> (see note above)	-	-

### Factors that may affect future tax charges

The company has an unprovided deferred tax asset of £32,323 (2013: £34,576) comprising fixed asset timing differences of £1,677 (2013: £1,928) and losses of £30,646 (2013: £32,648).

The deferred tax asset has not been recognised as the director does not envisage a reversal in the foreseeable future.

## 5. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 June 2013	199,367
Transfers to current assets	(199,367)
At 31 May 2014	-

# Notes to the financial statements

For the year ended 31 May 2014

## 6. Stocks

	2014	2013
	£	£
Properties held for resale	996,836	925,633

## 7. Debtors

	2014	2013
	£	£
Prepayments and accrued income	13,792	15,649

## 8. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Amounts owed to group undertakings	1,242,892	1,361,626
Accruals and deferred income	2,698	2,698
	<u>1,245,590</u>	<u>1,364,324</u>

## 9. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

## 10. Reserves

	Profit and loss account £
At 1 June 2013	(223,676)
Loss for the year	(11,287)
At 31 May 2014	<u>(234,963)</u>

# Notes to the financial statements

For the year ended 31 May 2014

## 11. Reconciliation of movement in shareholders' deficit

	2014	2013
	£	£
Opening shareholders' deficit	(223,675)	(197,898)
Loss for the financial year	(11,287)	(25,777)
Closing shareholders' deficit	<u>(234,962)</u>	<u>(223,675)</u>

## 12. Contingent liabilities

Loans advanced to other group companies amounting to £364,013 (2013: £500,588) are secured by a legal charge over the company's properties held for resale and investment properties.

## 13. Related party transactions

The company is a wholly owned subsidiary of Datel Electronics Limited which is ultimately controlled by Datel Holdings Limited. In accordance with FRS 8 the company is exempt from disclosing transactions with its parent company and fellow subsidiaries as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

## 14. Ultimate parent undertaking and controlling party

The company's parent company is Datel Electronics Limited which is a wholly owned subsidiary of the ultimate parent company, Datel Holdings Limited. Copies of the financial statements of this company are available from Companies House, Crown Way, Maindy, Cardiff, CF12 3UZ.

The company's controlling party is M Connors, the sole shareholder of the ultimate parent company, Datel Holdings Limited.