

Ipsotek Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019

Ipsotek Limited

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Ipsotek Limited

Company Information

Directors	Mr C Gomersall Mr W Flind Mr A Eggington Dr B Boghossian
Company secretary	Mr A Eggington
Registered office	Acre House 11 - 15 William Road London NW1 3ER
Auditors	Ballards LLP Chartered Accountants and Statutory Auditors 11c Kingswood Road Hampton Lovett Droitwich Worcestershire WR9 0QH

Ipsotek Limited

(Registration number: 04272419)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>5</u>	21,639	26,779
Current assets			
Stocks	<u>6</u>	208,399	267,520
Debtors	<u>7</u>	451,529	517,144
Cash at bank and in hand		<u>65,475</u>	<u>23,325</u>
		725,403	807,989
Creditors: Amounts falling due within one year	<u>8</u>	<u>(12,663,741)</u>	<u>(11,377,641)</u>
Net current liabilities		<u>(11,938,338)</u>	<u>(10,569,652)</u>
Net liabilities		<u>(11,916,699)</u>	<u>(10,542,873)</u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		<u>(11,917,699)</u>	<u>(10,543,873)</u>
Total equity		<u>(11,916,699)</u>	<u>(10,542,873)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 24 December 2020 and signed on its behalf by:

.....
Mr A Eggington
Company secretary and director

Ipsotek Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:
Acre House
11 - 15 William Road
London
NW1 3ER

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The company's parent company, Ipsotek Holdings Limited, has provided in writing its intention to provide sufficient finance for the company to meet its liabilities when they fall due for a period of at least 12 months from the date of approval of these financial statements.

On 11 March 2020, the World Health Organisation declared the outbreak of the coronavirus (COVID-19) a global pandemic. To date, there has been no material change in the business. After reviewing and assessing the level of current activities, the directors are confident that the pandemic will not have a long term material adverse effect of the company.

Having taken into account the forecast revenues and the company's ongoing operational expenditure together with the likely capital additions and likely capital repayments, the company's directors have concluded that it is appropriate that these financial statements are prepared and presented using the going concern principal due to the continued support of the parent company's investor base.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 24 December 2020 was James Syree BSc ACA, who signed for and on behalf of Ballards LLP.

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Notes to the Financial Statements for the Year Ended 31 December 2019

Revenue recognition

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover from sales of Ipsotek systems is recognised when the risks and rewards of ownership of the system is transferred to the buyer. Hardware is shipped pre-loaded with software, and hence this is usually at the point of delivery to the customer. Turnover from service contracts is recognised on a straight-line basis over the period outlined in the contract.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. On this basis no deferred tax asset has been recognised.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Other property, plant and equipment	33.3% on cost
Furniture, fittings and equipment	50% on cost and 20% on cost

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Ipsotek Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

A large proportion of stock is held in customer demonstration models and research and development models. This stock is assessed for impairment as described above at each reporting date. The company's directors have concluded that this stock is still saleable and is valued in accordance with the stock accounting policy described above.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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Notes to the Financial Statements for the Year Ended 31 December 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 25 (2018 - 24).

4 Intangible assets

	Software development costs £	Total £
Cost or valuation		
At 1 January 2019	109,606	109,606
Disposals	(109,606)	(109,606)
At 31 December 2019	-	-
Amortisation		
At 1 January 2019	109,606	109,606
Amortisation eliminated on disposals	(109,606)	(109,606)
At 31 December 2019	-	-
Carrying amount		
At 31 December 2019	-	-
At 31 December 2018	-	-

Ipsotek Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 January 2019	173,534	173,534
Additions	15,312	15,312
At 31 December 2019	188,846	188,846
Depreciation		
At 1 January 2019	146,755	146,755
Charge for the year	20,452	20,452
At 31 December 2019	167,207	167,207
Carrying amount		
At 31 December 2019	21,639	21,639
At 31 December 2018	26,779	26,779

6 Stocks

	2019 £	2018 £
Stock	208,399	267,520

7 Debtors

	2019 £	2018 £
Trade debtors	171,140	126,323
Other debtors	280,389	390,821
Total current trade and other debtors	451,529	517,144

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Notes to the Financial Statements for the Year Ended 31 December 2019

8 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Bank loans and overdrafts	9	570	427
Trade creditors		608,777	1,353,177
Amounts owed to related parties		11,359,498	9,416,929
Taxation and social security		48,253	22,207
Other creditors		646,643	584,901
		<u>12,663,741</u>	<u>11,377,641</u>

9 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank overdrafts	<u>570</u>	<u>427</u>

10 Non adjusting events after the financial period

As at the Statement of Financial Position date (31 December 2019) a limited number of cases of an unknown virus had been reported to the World Health Organization. There was no explicit evidence of human-to-human transmission at that date. Subsequent to 31 December 2019, the virus was identified as a new coronavirus (COVID-19) and there has been fast and widespread transmission through the human population.

As at the date of signing the accounts, the full impact of the COVID-19 virus is unknown and the consequences difficult to project. There are likely to be short-term operational issues resulting from COVID-19, but the directors do not believe there will be significant long term effects on the business as a result of COVID-19. The directors have reviewed cashflow forecasts for the coming 12 months, and believe they have sufficient working capital to trade through the period.

Droitwich

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