Registered number: 05164220

IRISGUARD UK LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2017

Bishop Fleming
Chartered Accountants

IRISGUARD UK LIMITED

COMPANY INFORMATION

DIRECTORS	R Kawar I Malhas
COMPANY SECRETARY	E Holland
REGISTERED NUMBER	05164220
REGISTERED OFFICE	2nd Floor Stratus House Emperor Way Exeter Business Park Exeter Devon EX1 3QS
AUDITOR	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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IRISGUARD UK LIMITED
REGISTERED NUMBER:05164220

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	4		**3,020,823**		2,666,192
Tangible assets	5		**124,802**		95,272
Investments	6		**22,592**		-
			3,168,217		2,761,464
CURRENT ASSETS					
Stocks	7	**734,169**		588,661	
Debtors: amounts falling due within one year	8	**42,825**		56,383	
Cash at bank and in hand		**33,925**		118,067	
		810,919		763,111	
Creditors: amounts falling due within one year	9	**(474,681)**		(83,359)	
NET CURRENT ASSETS			**336,238**		679,752
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,504,455**		3,441,216
NET ASSETS			**3,504,455**		3,441,216
CAPITAL AND RESERVES					
Called up share capital			**4,191,921**		3,919,689
Profit and loss account			**(687,466)**		(478,473)
			3,504,455		3,441,216

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

I Malhas
Director
Date: March 27. 2018

The notes on pages 2 to 10 form part of these financial statements.

1. GENERAL INFORMATION

IrisGuard UK Limited (registered number 05164220) is a private company, limited by shares and incorporated in England. The registered office is 2nd Floor, Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. The place of business is Suite 43, Shenley Pavilions, Chalkdell Drive, Shenley Wood, Milton Keynes, MK5 6LB.

The principal activity of the company during the year was that of the development and sale of iris recognition technology.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 GOING CONCERN

In making their assessment in respect of going concern, the Directors have considered any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. IrisGuard Inc have expressed their intention to support IrisGuard UK Limited for the foreseeable future and, accordingly, the Directors have continued to adopt the going concern basis for the preparation of the financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Development expenditure	-	20	years straight line

2.6 RESEARCH AND DEVELOPMENT

The company's principal activity is as an iris recognition technology research and development unit for the IrisGuard group. Whilst the company generates some income of its own from sales to its parent, it largely is dependent on its parent for the funding of that development activity.

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is 20 years.

2. ACCOUNTING POLICIES (continued)

2.7 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Fixtures and fittings	-	20%
Office equipment	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is 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.

2. ACCOUNTING POLICIES (continued)

2.10 FINANCIAL INSTRUMENTS

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2. ACCOUNTING POLICIES (continued)

2.11 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 TAXATION

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable the deductible temporary difference will unwind and that there will be sufficient taxable profits against which to utilise it.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and that they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. EMPLOYEES

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

	2017	2016
	No.	No.
Employees	**6**	6

4. INTANGIBLE ASSETS

	Development £
COST	
At 1 January 2017	**3,205,744**
Additions - internal	**530,006**
At 31 December 2017	**3,735,750**
AMORTISATION	
At 1 January 2017	**539,552**
Charge for the year	**175,375**
At 31 December 2017	**714,927**
NET BOOK VALUE	
At 31 December 2017	**3,020,823**
At 31 December 2016	2,666,192

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
COST OR VALUATION				
At 1 January 2017	**375,554**	**16,675**	**57,159**	**449,388**
Additions	**70,540**	**-**	**6,522**	**77,062**
At 31 December 2017	**446,094**	**16,675**	**63,681**	**526,450**
DEPRECIATION				
At 1 January 2017	**290,961**	**13,667**	**49,488**	**354,116**
Charge for the year on owned assets	**43,149**	**859**	**3,524**	**47,532**
At 31 December 2017	**334,110**	**14,526**	**53,012**	**401,648**
NET BOOK VALUE				
At 31 December 2017	**111,984**	**2,149**	**10,669**	**124,802**
At 31 December 2016	84,593	3,008	7,671	95,272

6. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
Additions	**22,592**
At 31 December 2017	**22,592**
NET BOOK VALUE	
At 31 December 2017	**22,592**
At 31 December 2016	-

7. STOCKS

	2017 £	2016 £
Raw materials and consumables	**734,169**	588,661
	734,169	588,661

8. DEBTORS

	2017 £	2016 £
Prepayments and accrued income	**9,529**	18,072
Other debtors	**33,296**	38,311
	42,825	56,383

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Payments received on account	**370,287**	-
Trade creditors	**80,564**	61,126
Amounts owed to group undertakings	**1,092**	-
Other taxation and social security	**9,061**	6,383
Other creditors	**2,985**	5,950
Accruals and deferred income	**10,692**	9,900
	474,681	83,359

10. CONTROLLING PARTY

As at 31 December 2017, the parent company and ultimate controlling company is IrisGuard Inc, a company registered in the Cayman Islands. No one individual or entity controls IrisGuard Inc. Any person requiring consolidated accounts of the parent company can request them from IrisGuard Inc, 4 Shamseh Street, P.O. Box 831004, Amman 11183, Jordan.

Under Companies Act 2006, the company is exempt from producing consolidated accounts as it is included in non-EEA group accounts of a larger group.

11. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed by Fleur Lewis FCA (Senior statutory auditor) on behalf of Bishop Fleming LLP.