

Registered number: 07407558

AMENDING

Silkroad Technology UK Limited

Financial statements

Information for filing with the registrar

For the Year Ended 31 December 2018



Silkroad Technology UK Limited
Registered number: 07407558

Balance Sheet
As at 31 December 2018

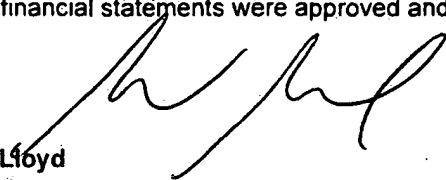
	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	<u>3,912</u>	<u>5,775</u>
		3,912	5,775
Current assets			
Debtors: amounts falling due after more than one year	5	12,000	12,000
Debtors: amounts falling due within one year	5	279,604	249,935
Cash at bank and in hand	6	<u>160,801</u>	<u>132,367</u>
		452,405	394,302
Creditors: amounts falling due within one year	7	<u>(2,707,520)</u>	<u>(2,548,969)</u>
Net current liabilities		(2,255,115)	(2,154,667)
Total assets less current liabilities		(2,251,203)	(2,148,892)
Net liabilities		(2,251,203)	(2,148,892)
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(2,251,204)</u>	<u>(2,148,893)</u>
		(2,251,203)	(2,148,892)

The 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 FRS 102 Section 1A - small entities.

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 income and retained earnings 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:


M J Lloyd
 Director

Date:

13/9/19

The notes on pages 2 to 8 form part of these financial statements.

Silkroad Technology UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

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

The address of its registered office and principal place of business is:
St Magnus House
G17
Ground Floor
3 Lower Thames Street
London
EC3R 6HD

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis on the assumption of the continued financial support of the company's parent company SilkRoad, Inc. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. If this assumption proves to be inappropriate, then adjustments may have to be made to adjust the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

The company is dependent upon the continued support of its parent company and whilst there is no present indication that this will be withdrawn there can be no certainty in these matters. The latest available accounts for the group as at 31 December 2018, issued in August 2019, show that the group made a loss of \$154,000, positive operating cash flows of \$262,000 and an overall negative cash flow of \$474,000, the group had net current liabilities of \$10,413,000 and net liabilities of \$22,351,000.

However, in May 2018 the parent company ("the Company") secured finance facilities from Ally Bank of \$17.5 million, utilising \$15 million to repay existing credit facilities. The debt is repayable in May 2020.

The group accounts state that in July 2019 the Company obtained an unconditional letter of support from one of its investors stating it will provide financial support to the Company sufficient for it to satisfy its obligations and debt service requirements as they fall due, and will satisfy, on a timely basis, all liabilities and obligations of the Company which it is unable to satisfy when due through to 31 August 2020.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.2 Going concern (continued)

The Company believes that cash from operations and the funds from the Ally Credit Facility will satisfy its estimated liquidity needs 12 months from the date of issuance of the consolidated financial statements. If the Company experiences operating losses and is not able to generate additional liquidity through the mechanisms described above or through some combination of other actions, while not expected, the Company might need to secure additional sources of funds, which may or may not be available to the Company. Additionally, failure to generate additional liquidity could negatively impact on the Company's product development or services that are important to the operation of its business as well as create a working capital shortage that could trigger the ability for certain D-1 shareholders to elect to redeem their shares.

The presence of these disclosures in the group accounts and the net liability position could cast doubt upon the parent company's ability to continue to support the company.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.6 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 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.

Silkroad Technology UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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:

Computer equipment	- 3 years
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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 Income and Retained Earnings.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Employees

The average monthly number of employees, including directors, during the year was 7 (2017 - 7).

Silkroad Technology UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

4. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2018	13,639
Additions	1,742
At 31 December 2018	15,381
Depreciation	
At 1 January 2018	7,864
Charge for the year on owned assets	3,605
At 31 December 2018	11,469
Net book value	
At 31 December 2018	3,912
At 31 December 2017	5,775

Silkroad Technology UK Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

5. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	12,000	12,000
	<u>12,000</u>	<u>12,000</u>
	2018 £	2017 £
Due within one year		
Trade debtors	268,520	244,964
Amounts owed by group undertakings	4,286	4,286
Other debtors	498	185
Prepayments and accrued income	6,300	500
	<u>279,604</u>	<u>249,935</u>

6. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	160,801	132,367
	<u>160,801</u>	<u>132,367</u>

7. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	2,543	3,059
Amounts owed to group undertakings	2,353,823	2,166,333
Other taxation and social security	45,666	44,509
Other creditors	-	309
Accruals and deferred income	305,488	334,759
	<u>2,707,520</u>	<u>2,548,969</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

8. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Operating leases	104,580	99,600
	104,580	99,600

9. Related party transactions

The company has taken advantage of the exemption in FRS 102 paragraph 33.1A from disclosing transactions with other members of the group.

10. Controlling party

The ultimate parent is Silkroad, Inc, incorporated in the United States of America.

The financial statements of Silkroad, Inc are available upon request from the company's registered office: 100 S Wacker Drive, Suite 425, Chicago, IL 60606, USA.

11. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2018 was unqualified.

In their report, the auditors emphasised that following matter without qualifying their report:

We draw attention to note 2.2 in the financial statements, which indicates that the Company's ability to continue as a going concern is dependent upon the support of its parent company. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 13 September 2019 by Ian Burrows FCCA (Senior Statutory Auditor) on behalf of Kreston Reeves LLP.