

Smartmatic Elections UK Limited
Director's report and financial statements
Registered number 08704199
31 December 2018

FRIDAY



A8EWRVIQ

A41

27/09/2019

#347

COMPANIES HOUSE

Contents

| | |
|---|---|
| Directors' report | 2 |
| Statement of directors' responsibilities in respect of the directors' report and the financial statements | 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 |
| Statement of changes in equity | 6 |
| Notes | 7 |

Directors' report

The directors present their directors' report and financial statements of Smartmatic Elections UK Limited (the 'Company') for the year ended 31 December 2018.

The directors have taken advantage of the exemption available from preparing a Strategic report as the Company qualifies as a small company and is part of a larger group producing consolidated financial statements.

Principal activity

The principal activity of the Company is to provide services and equipment related to elections projects in UK. Formerly the company was a holding company which provided corporate governance to all its subsidiaries.

Business Review

The results for 2018 show a loss before tax of US\$1,735 (2017 profit: US\$11,165) and at the reporting date the Company has net liabilities of US\$10,298 (2017: US\$8,563).

Dividends

The directors do not propose the payment of a dividend (2017: US\$nil).

Political and charitable contributions

The Company did not make any political donations during the period (2017: nil).

Directors

The directors who held office during the year were as follows:

David Charles Melville
Antonio Jose Mugica Rivero

Auditor

The directors have claimed exemption under section 479A of the Companies Act 2006, from the need to have these financial statements audited. A statement of guarantee by a parent undertaking, SGO Corporation Limited (registered number 07477910), has been filed at Companies House

By order of the board



David Melville
Director

88 Baker Street
London
W1U 6TQ
September 2019

230

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Balance Sheet
 as at 31 December 2017

| | Note | US\$ | 2018 US\$ | US\$ | 2017 US\$ |
|-------------------------------------|------|----------------|-----------------|----------------|----------------|
| Non-current assets | | | | | |
| Investments in subsidiaries | 6 | | - | | 5 |
| Current assets | | | | | |
| Cash | | 73,014 | | 37,300 | |
| Debtors | 7 | 89,330 | | 396,448 | |
| | | <u>162,344</u> | | <u>433,748</u> | |
| Creditors: | | | | | |
| Amounts falling due within one year | 8 | (172,642) | | (442,316) | |
| Net current liabilities | | | (10,298) | | (8,568) |
| Net liabilities | | | <u>(10,298)</u> | | <u>(8,563)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 2 | | 2 |
| Profit and loss account | | | (10,300) | | (8,565) |
| Shareholders' deficit | | | <u>10,298</u> | | <u>(8,563)</u> |

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

For the year ending 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors on September 2019 and were signed on its behalf by:



David Melville
 Director

88 Baker Street
 London
 W1U 6TQ

23rd

September 2019

Company registration number: 08704199

Profit and Loss Account
for the year ended 31 December 2017

| | Note | 2018 US\$ | 2017 US\$ |
|--------------------------------------|------|----------------|------------------|
| Revenue | 2 | 75,595 | 58,123 |
| Cost of sales | | (82,547) | (239,243) |
| Gross loss | | (6,952) | (181,120) |
| Administrative expenses | | (20,763) | 2,792 |
| Other income | | 33,742 | 192,696 |
| Operating profit/(loss) | | 6,027 | 14,368 |
| Finance income | | - | 3,286 |
| Finance expenses | | (7,762) | (6,489) |
| Profit before taxation (loss) | 3 | (1,735) | 11,165 |
| Taxation on profit | 5 | - | - |
| Profit after taxation (loss) | | (1,735) | 11,165 |

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

Statement of Changes in Equity
for year ended 31 December 2018

| | Called up Share capital | Profit and loss account | Total equity |
|-----------------------------|------------------------------------|------------------------------------|-------------------------|
| | US\$ | US\$ | US\$ |
| Balance at 1 January 2017 | 2 | (19,730) | (19,728) |
| Profit for the year | - | 11,165 | 11,165 |
| Balance at 31 December 2017 | 2 | (8,565) | (8,563) |
| Profit for the year | - | (1,735) | (1,735) |
| Balance at 31 December 2018 | 2 | (10,300) | (10,298) |

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

Notes

(forming part of the financial statements)

1 Accounting policies

Smartmatic Elections UK Limited (the 'Company') is a company incorporated, registered and domiciled in England in the UK. The accounts are presented in US Dollars in full units.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemption has been taken.

The Company's ultimate parent undertaking, SGO Corporation S.A. includes the Company in its consolidated financial statements. The smallest group into which the accounts of the company are consolidated is Smartmatic International Holding B.V.. Copies of the consolidated accounts may obtain from its registered office at 88 Baker Street, London, United Kingdom W1U 6TQ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Going concern

The financial statements have been prepared on the going concern basis, showing a loss for the year of US\$1,735 (2017 profit of : (US\$11,165), net current liabilities of US\$10,298 (2017: US\$8,568) and net liabilities of US\$10,298 (2017: US\$8,563) which the director believes to be appropriate for the following reasons:

The Company is reliant on financial support from Smartmatic International Holding B.V., the Company's ultimate parent undertaking. Smartmatic International Holding B.V. has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that this support will continue for 12 months more from the date of approval of these financial statements.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency (US Dollars) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are held at cost less any provision for impairment.

Impairments

The carrying amounts of the Company non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows of the identified cash-generating units are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Trade and other debtors

Trade and other debtors are stated at their nominal amount less impairment losses.

Trade and other creditors

Trade and other creditors are stated at amortised cost.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Significant Accounting Estimates and Judgements

There are no significant accounting estimates and judgements with respect to the financial statements.

Notes (continued)

2 Revenue

| | 2018 | 2017 |
|-----------------------|---------------|---------------|
| | US\$ | US\$ |
| Rendering of services | <u>75,595</u> | <u>58,123</u> |

All revenue is derived from the UK.

3 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

| | 2018 | 2017 |
|--|------------|----------------|
| | US\$ | US\$ |
| Auditor's remuneration – audit of financial statements | - | 1,200 |
| Net foreign exchange (gain)/loss | <u>724</u> | <u>(3,286)</u> |

4 Directors emoluments and Staff numbers and costs

The average number of people (including directors) employed by the company during the year was 2. There were no payroll costs in the year and all directors are paid by other companies within the SGO Corporation S.A.

No directors were paid by the company, they were remunerated by other group companies. However, 2018 reflected an apportionment was made by the company for US\$7,875.35 (2017: US\$nil), for the services of the two directors.

5 Taxation

| | 2018 | 2017 |
|------------------------------------|------|------|
| | US\$ | US\$ |
| <i>UK corporation tax</i> | | |
| Current tax on income for the year | - | - |

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below.

| | 2018 | 2017 |
|---|--------------|--------------|
| | US\$ | US\$ |
| <i>Current tax reconciliation</i> | | |
| Profit on ordinary activities before tax | (1,735) | 11,165 |
| Current tax at 19.25% | <u>(334)</u> | <u>2,149</u> |
| <i>Effects of:</i> | | |
| Previously unrecognised tax losses utilised in the current year | - | (2,149) |
| Expenses not deductible for tax purposes | <u>334</u> | <u>-</u> |
| Total current tax charge (see above) | <u>-</u> | <u>-</u> |

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were

substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The Company has unrecognised tax losses of \$1.735 (2017: \$nil). These have not been recognised as there is insufficient evidence that the assets will be recovered.

6 Investments in subsidiaries

The entity has the following direct investments in 2017:

| Subsidiary | Registered Address | Class of shares held | Ownership 2017 |
|----------------------------|---|----------------------|----------------|
| Folio Technologies Limited | 88 Baker Street, London, United Kingdom, W1U 6TQ | Ordinary | 100% |
| AirLabs Limited | 88 Baker Street, London, United Kingdom, W1U 6TQ | Ordinary | 100% |
| Air B.V. | Gustav Mahlerplein 25C, 1082 MS Amsterdam, The Netherlands | Ordinary | 100% |

These investments were sold during the year to SGO Corporation Limited.

7 Debtors

| | 2018 US\$ | 2017 US\$ |
|------------------------------------|--------------|--------------|
| Trade debtors | 66,333 | 8,063 |
| Amounts owed by group undertakings | 20,433 | 387,215 |
| Other debtors | 2,564 | 1,170 |
| | <hr/> | <hr/> |
| | 89,330 | 396,448 |
| | <hr/> | <hr/> |

Amounts owed by fellow group undertakings are non-interest bearing, unsecured and repayable on demand.

US\$20,433 intercompany debtors are due from Smartmatic Corporation Limited (2017: US\$371,972)/

US\$nil minor intercompany balances are due from other entities within the Group (2017:US\$15,243).

8 Creditors: amounts falling due within one year

| | 2018 US\$ | 2017 US\$ |
|------------------------------------|--------------|--------------|
| Trade Creditors | 6,512 | 10,544 |
| Amounts owed to group undertakings | 143,480 | 426,698 |
| Accruals and deferred income | 10,535 | 5,074 |
| Other Taxes | 12,115 | - |
| | <hr/> | <hr/> |
| | 172,642 | 442,316 |
| | <hr/> | <hr/> |

Amounts owed by fellow group undertakings are non-interest bearing, unsecured and repayable on demand.
 US\$nil of the intercompany balance is payable to Smartmatic International Holding B.V. (2017: \$58,739)/
 US\$143,480 of the intercompany balance is payable to SGO Corporation Limited (2017: \$326,868)/
 US\$nil of the intercompany balance is payable to Smartmatic Services Corporation (2017: 22,113)/
 US\$nil minor balance of intercompany are due to other entities within the Group (2017: US\$18,978).

9 Called up share capital

| | 2018 | 2017 |
|---|-------|-------|
| | US\$ | US\$ |
| <i>Allotted, called up and fully paid</i> | | |
| 2 Ordinary shares of £1 each | 2 | 2 |
| | <hr/> | <hr/> |

10 Related party disclosures

As a wholly owned subsidiary within the group controlled by SGO Corporation S.A. the Company is exempt from the requirements of FRS 101 from disclosing the transactions with other members of the group headed by SGO Corporation N.V. There were no transactions with any other related parties requiring disclosure in the year.

11 Ultimate parent undertaking

The company is a wholly owned subsidiary of Smartmatic International Holding B.V., a company incorporated in The Netherlands.

The smallest group into which the accounts of the company are consolidated is SGO Corporation Limited. Copies of these consolidated accounts may obtain from its registered office at 88 Baker Street, London, United Kingdom, W1U 6TQ.

The Company's ultimate parent is SGO Corporation S.A. The registered address is 20, rue de la Poste, L-2346 Luxemburg.