

Safetonet Limited

Annual Report and Unaudited Financial Statements
for the Period from 1 November 2020 to 31 December 2021

Safetonet Limited

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Safetonet Limited
(Registration number: 08733316)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>4</u>	9,557	28,036
Investments	<u>5</u>	22,167,461	327,716
		<u>22,177,018</u>	<u>355,752</u>
Current assets			
Debtors	<u>6</u>	6,307,716	4,798,595
Cash at bank and in hand		16,441	1,626,093
		6,324,157	6,424,688
Creditors: Amounts falling due within one year	<u>7</u>	(4,505,156)	(3,345,133)
Net current assets		<u>1,819,001</u>	<u>3,079,555</u>
Total assets less current liabilities		23,996,019	3,435,307
Creditors: Amounts falling due after more than one year	<u>7</u>	(40,239)	-
Net assets		<u>23,955,780</u>	<u>3,435,307</u>
Capital and reserves			
Called up share capital		25,822	22,532
Share premium reserve		39,241,543	23,903,531
Other reserves		9,797,878	2,206,105
Profit and loss account		(25,109,463)	(22,696,861)
Shareholders' funds		<u>23,955,780</u>	<u>3,435,307</u>

Safetonet Limited

(Registration number: 08733316)
Balance Sheet as at 31 December 2021

For the financial period ending 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the period 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 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 13 May 2022 and signed on its behalf by:

.....

R M Pursey
Director

Safetonet Limited

Notes to the Unaudited Financial Statements for the Period from 1 November 2020 to 31 December 2021

1 General information

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

The address of its registered office is:

40 Caversham Road
Reading
Berkshire
RG1 7BT
England

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.

Presentational currency is sterling, £, and the financial statements are in round pounds except for some notes which are in greater detail.

Going concern

The financial statements have been prepared on a going concern basis. The company is reliant on external investors and its largest shareholder providing additional funds in order to continue. Without such funding the company would not be able to continue operating as a going concern. The directors are confident that funds will continue to be forthcoming and enable the company to continue operating through to profitability, especially considering the investments in Net Nanny and the SafeToNet Family Stores made during the period. On that basis the financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts. Monthly sales are recognised in turnover in full on the date of receipt. Subscriptions for a longer period are recognised over the life of the subscription.

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 payable.

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Notes to the Unaudited Financial Statements for the Period from 1 November 2020 to 31 December 2021

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.

Tangible assets

Tangible assets are stated in the balance sheet 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
Office equipment	33% straight line basis

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Amortisation

Asset class	Amortisation method and rate
Goodwill	Straight line over 7 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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.

Debtors

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Notes to the Unaudited Financial Statements for the Period from 1 November 2020 to 31 December 2021

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.

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.

Share based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 Staff numbers

The average number of persons employed by the company (including directors) during the period, was 23 (2020 - 28).

Safetonet Limited

Notes to the Unaudited Financial Statements for the Period from 1 November 2020 to 31 December 2021

4 Tangible assets

	Office equipment £	Total £
Cost or valuation		
At 1 November 2020	137,437	137,437
Additions	3,786	3,786
Disposals	(34,706)	(34,706)
	<hr/>	<hr/>
At 31 December 2021	106,517	106,517
Depreciation		
At 1 November 2020	109,401	109,401
Charge for the period	22,265	22,265
Eliminated on disposal	(34,706)	(34,706)
	<hr/>	<hr/>
At 31 December 2021	96,960	96,960
Carrying amount		
At 31 December 2021	<hr/> <hr/> 9,557	<hr/> <hr/> 9,557
At 31 October 2020	<hr/> <hr/> 28,036	<hr/> <hr/> 28,036

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Notes to the Unaudited Financial Statements for the Period from 1 November 2020 to 31 December 2021

5 Investments

	2021 £	2020 £
Investments in subsidiaries	<u>22,167,461</u>	<u>327,716</u>
Subsidiaries		£
Cost or valuation		
At 1 November 2020		327,716
Additions		<u>21,839,745</u>
At 31 December 2021		<u>22,167,461</u>
Provision		
Carrying amount		
At 31 December 2021		<u>22,167,461</u>
At 31 October 2020		<u>327,716</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of shares held	
			2021	2020
Subsidiary undertakings				
Safetonet Deutschland GmbH	Hohenzollernring 72, 50672 Köln, Germany.	Ordinary share	100%	100%
Avanatta Limited	2 Old Bath Road, Newbury, Berkshire, England, RG14 1QL	Ordinary shares	100%	100%
Safetonet UK Limited	2 Old Bath Road, Newbury, Berkshire, England, RG14 1QL	Ordinary shares	100%	100%
Safetonet NA Holdings Inc	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	Common shares	100%	100%
VISR Inc	51 Breithaupt Street, Kitchener, Ontario N2H 5G5 Canada	Common shares and class seed preferred shares	100%	100%

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Undertaking	Registered office	Holding	Proportion of shares held	
Safetonet Americas Inc	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA	Common stock	100%	100%
Safetonet US Inc	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA	Common stock	100%	100%
Safetonet Faimly Store GmbH	StohrerStrasse 17, 04347 Leipzig , Germany	Ordinary shares	75%	0%
System-RepairCenter GmbH	StohrerStrasse 17, 04347 Leipzig , Germany	Ordinary shares	75%	0%
CW Acquisition Corp	1055 Westlakes Drive, Berwyn, PA 19312, USA	Common stock	100%	0%
Zift Software LLC	1055 Westlakes Drive, Berwyn, PA 19312, USA	Common stock	100%	0%

The principal activity of all subsidiary undertakings is keeping children safe online.

6 Debtors

	Note	2021 £	2020 £
Debtors		-	3,531,233
Amounts owed by group undertakings		5,445,962	-
Prepayments		90,155	209,466
Other debtors		771,599	1,057,896
		<u>6,307,716</u>	<u>4,798,595</u>

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Notes to the Unaudited Financial Statements for the Period from 1 November 2020 to 31 December 2021

7 Creditors

Creditors: amounts falling due within one year

	2021 £	2020 £
Due within one year		
Loans and borrowings	264,793	-
Creditors	894,092	364,550
Amounts owed to group undertakings	1,061,573	232,076
Taxation and social security	166,504	307,175
Other creditors	2,004,801	314,428
Deferred income	113,393	2,126,904
	<u>4,505,156</u>	<u>3,345,133</u>

Creditors: amounts falling due after more than one year

	Note	2021 £	2020 £
Due after one year			
Loans and borrowings	8	<u>40,239</u>	<u>-</u>

8 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Other borrowings	<u>264,793</u>	<u>-</u>

9 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £Nil (2020 - £210,000). Financial commitments relate to non-cancellable operating lease commitment of property.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.