
SAM LABS LTD

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2018

SAM LABS LTD
REGISTERED NUMBER: 09007359

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	6	33,734	4,456
Tangible assets	7	63,487	90,702
Investments	8	10,052	51
		<u>107,273</u>	<u>95,209</u>
Current assets			
Stocks	9	225,938	604,783
Debtors	10	3,147,277	643,145
Cash at bank and in hand	11	415,063	3,405,678
		<u>3,788,278</u>	<u>4,653,606</u>
Creditors: amounts falling due within one year	12	(2,532,261)	(567,353)
Net current assets		<u>1,256,017</u>	<u>4,086,253</u>
Total assets less current liabilities		<u>1,363,290</u>	<u>4,181,462</u>
Net assets		<u>1,363,290</u>	<u>4,181,462</u>
Capital and reserves			
Called up share capital	14	23,450	23,450
Share premium account		8,536,333	8,536,333
Profit and loss account		(7,196,493)	(4,378,321)
		<u>1,363,290</u>	<u>4,181,462</u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 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:

.....
Joachim Edouard Horn
Director

Date: 25 September 2019

The notes on pages 4 to 18 form part of these financial statements.

SAM LABS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	23,450	3,349,394	(2,162,573)	1,210,271
Comprehensive income for the year				
Loss for the year	-	-	(2,215,748)	(2,215,748)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(2,215,748)	(2,215,748)
Shares issued during the year	-	5,186,939	-	5,186,939
Total transactions with owners	-	5,186,939	-	5,186,939
At 1 January 2018	23,450	8,536,333	(4,378,321)	4,181,462
Comprehensive income for the year				
Loss for the year	-	-	(2,818,172)	(2,818,172)
Total comprehensive income for the year	-	-	(2,818,172)	(2,818,172)
Total transactions with owners	-	-	-	-
At 31 December 2018	23,450	8,536,333	(7,196,493)	1,363,290

The notes on pages 4 to 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The principal activity of the company in the year under review was that of an educational resources provider.

The Company is limited by shares and is incorporated in England and Wales.

The registered office address is Heydon Lodge, Flint Cross, Newmarket Road, Heydon, Royston, Herts, SG8 7PN.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Whilst the company made a loss for the year, the company still has £1.4m of net assets and the support of its investors.

On this basis the directors are confident the company has sufficient resources to continue to trade for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.4 Revenue

Revenue is generated by sales of educational coding kits and lesson plans. Revenue is recognised when the kits are shipped either from the manufacturing facilities or warehouses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Website development	-	20 % - 30% Straight Line Basis
Software implementation	-	33 % Straight Line Basis

2.6 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:

Long-term leasehold property	-	33% Straight Line Basis
Plant and machinery	-	33% Straight Line Basis
Office equipment	-	33% Straight Line Basis
Computer equipment	-	33% Straight Line Basis

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.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

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. Work in progress and finished goods include labour and attributable overheads.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

(i) Financial assets

Basic financial assets, including trade and other debtors, and amounts due from related companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Retained Earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 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 Comprehensive Income 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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 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.

2.13 Operating leases: the Company as lessee

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

2.14 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 Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. 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 range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

(i) Intangible Assets

Management make judgment and estimates as to the stage of completion, longevity, and ability to generate future value of capitalised software, which in turn affects the valuation of Intangible Assets at the year end date. See note 6 for the carrying amount of Intangible Assets, and note 2.5 for the useful economic lives for each class of assets.

(ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property plant and equipment, and note 2.6 for the useful economic lives for each class of assets.

(iii) Stock

Management make an estimate regarding the net realisable value of this stock and as such recognise a stock provision in the accounts in respect of the difference between net realisable value and cost. See note 9 for the carrying value of stock.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Employees

The average monthly number of employees, including directors, during the year was 22 (2017 - 24).

5. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	(151,310)	(285,744)
	<u>(151,310)</u>	<u>(285,744)</u>
Total current tax	<u>(151,310)</u>	<u>(285,744)</u>
Deferred tax		
	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(151,310)</u>	<u>(285,744)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(2,969,482)</u>	<u>(2,501,492)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(563,549)	(481,522)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,216	9,374
Capital allowances for year in excess of depreciation	-	(10,615)
Utilisation of tax losses	46,958	-
Adjustments to tax charge in respect of prior periods	-	(137,167)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(112,064)	(62,817)
Changes in provisions leading to an increase (decrease) in the tax charge	-	177
Unrelieved tax losses carried forward	468,129	396,826
Total tax charge for the year	<u>(151,310)</u>	<u>(285,744)</u>

Factors that may affect future tax charges

The company has taxable losses carried forward amounting to £5,961,055 which are available for offset against future profits of the same trade. A deferred tax asset has not been recognised in respect of these losses due to uncertainty regarding availability of future profits which these losses may be relieved against.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Intangible assets

	Software £	Website £	Total £
Cost			
At 1 January 2018	-	22,763	22,763
Additions	43,436	-	43,436
At 31 December 2018	43,436	22,763	66,199
Amortisation			
At 1 January 2018	-	18,307	18,307
Charge for the year	13,044	1,114	14,158
At 31 December 2018	13,044	19,421	32,465
Net book value			
At 31 December 2018	30,392	3,342	33,734
At 31 December 2017	-	4,456	4,456

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Tangible fixed assets

	Leasehold Improvements £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	14,321	81,728	8,976	49,870	154,895
Additions	-	9,185	-	12,246	21,431
At 31 December 2018	14,321	90,913	8,976	62,116	176,326
Depreciation					
At 1 January 2018	14,321	18,558	5,007	26,307	64,193
Charge for the year on owned assets	-	29,371	2,613	16,662	48,646
At 31 December 2018	14,321	47,929	7,620	42,969	112,839
Net book value					
At 31 December 2018	-	42,984	1,356	19,147	63,487
At 31 December 2017	-	63,170	3,969	23,563	90,702

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	51
Additions	10,001
At 31 December 2018	10,052
Net book value	
At 31 December 2018	10,052
<i>At 31 December 2017</i>	<i>51</i>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
SAM Labs Inc	US	Ordinary	100 %	Educational resources provider
SAM Labs Limited	Hong Kong	Ordinary	100 %	Educational resources provider
Samlabs PTE Ltd	Singapore	Ordinary	100 %	Educational resources provider
SAM Labs Shanghai Ltd	China	Ordinary	100 %	Educational resources provider

SAM Labs Limited (Hong Kong) is not trading therefore there are no results to report for this company.

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Fixed asset investments (continued)

	Aggregate of share capital and reserves £	Profit/(loss) £
Samlabs Inc	(46,145)	(38,511)
Samlabs PTE Ltd	(99,538)	(99,538)
SAM Labs Shanghai Ltd	(15,663)	(25,352)
	<u>(161,346)</u>	<u>(163,401)</u>

9. Stocks

	2018 £	2017 £
Finished goods and goods for resale	225,938	604,783
	<u>225,938</u>	<u>604,783</u>

10. Debtors

	2018 £	2017 £
Trade debtors	863,328	188,989
Amounts owed by group undertakings	325,409	239,281
Other debtors	1,955,109	198,358
Prepayments and accrued income	3,431	16,517
	<u>3,147,277</u>	<u>643,145</u>

11. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	415,063	3,405,678
	<u>415,063</u>	<u>3,405,678</u>

SAM LABS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	2,000,000	78,441
Trade creditors	295,559	233,722
Amounts owed to group undertakings	68,593	147,711
Other taxation and social security	86,999	48,355
Other creditors	40,282	11
Accruals and deferred income	40,828	59,113
	<u>2,532,261</u>	<u>567,353</u>

13. Loans

	2018 £	2017 £
Amounts falling due within one year		
Convertible loan	2,000,000	78,441
	<u>2,000,000</u>	<u>78,441</u>
	<u>2,000,000</u>	<u>78,441</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
959,125 Ordinary shares of £0.01 each	9,591	9,591
733,311 'A' Ordinary shares of £0.01 each	7,333	7,333
42,311 'B' Ordinary shares of £0.01 each	423	423
610,343 'C' Ordinary shares of £0.01 each	6,103	6,103
	<u>23,450</u>	<u>23,450</u>

15. Share based payments

During the year, 127,565 share options were granted to employees. The share based payment charge arising from these options is not material and therefore no provision has been made in the accounts.

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	52	296,281	52	237,655
Granted during the year	52	127,565	52	96,991
Expired during the year	52	(49,917)	52	(38,365)
		<u>373,929</u>	<u>52</u>	<u>296,281</u>
Outstanding at the end of the year				

	2018 £	2017 £
Equity-settled schemes	1	1
	<u>1</u>	<u>1</u>

16. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,572 (2017 - £2,226). Contributions totalling £3,683 (2017 - £921) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Related party transactions

The company is taking advantage of the FRS 102 Section 1A paragraph 1AC.35 exemption from disclosing transactions between wholly owned group companies.

18. Post balance sheet events

During 2019 the Company completed a £7m funding round issuing further shares in exchange for £5m cash and conversion of the £2m convertible loan notes in current liabilities.

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.