Folio Technologies Limited

Director's report and financial statements

Registered number 09035691

31 December 2018

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Contents

Directors' report

The directors present their Directors' report and financial statements of Folio Technologies Limited 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.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Principal activity

The principal activity of the Company is the development of new technologies related to identity registration and authentication.

Business Review

The results for the year show a loss before tax of $945,235 (2017: $304,541) and at the reporting date the Company has net liabilities of $1,280,378 (2017: $335,143).

Dividends

The directors do not propose the payment of a dividend for the year ended 31 December 2018 (2017: $nil).

Political and charitable contributions

The Company did not make any charitable or political donations during the year.

Directors

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

Antonio Jose Mugica Rivero
David Melville

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

10th September 2019

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.

Profit and Loss Account
for the year ended 31 December 2018

	Note	2018	2017
		$	$
Administrative expenses	2	(971,289)	(295,835)
Operating loss		(971,289)	(295,835)
Finance (expense)/income		26,054	(8,706)
Loss before taxation		(945,235)	(304,541)
Tax on loss	4	-	-
Loss for the financial year		(945,235)	(304,541)

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

Balance Sheet
as at 31 December 2018

	Note	2018	2018	2017	2017
		$	$	$	$
Non-current assets					
Intangibles	5	194,246		-	-
		194,246		-	-
Current assets					
Cash		220,986		14,883	
Debtors	6	16,301		2,213	
		237,287		17,096	
Creditors					
Amounts falling due within one year	7	(1,711,911)		(352,239)	
Net current liabilities			(1,474,624)		(335,143)
Net liabilities			(1,280,378)		(335,143)
Capital and reserves					
Called upshare capital	8		2		2
Profit and loss account			(1,280,380)		(335,145)
Shareholders' deficit			(1,280,378)		(335,143)

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

For the year ending 31 December 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for 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
Company registration number: 09035691

Statement of Changes in Equity
for year ended 31 December 2018

	Called up Share capital	Profit and loss account	Total equity
	$	$	$
Balance at 1 January 2017	2	(30,604)	(30.602)
Loss for the year	-	(304.541)	(304.541)
Balance at 1 January 2018	2	(335,145)	(335.143)
Loss for the year	-	(945,235)	(945,235)
Balance at 31 December 2018	2	(1,280,380)	(1,280,378)

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

Notes

(forming part of the financial statements)

1 Accounting policies

Folio Technologies Limited (the 'Company') is a company incorporated, registered and domiciled in England in the UK. The financial statements are presented in US Dollars in full units.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS101")*.

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 SGO Corporation Limited. Copies of these consolidated accounts may be obtained from its registered office at 88 Baker Street, London, 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, notwithstanding the loss for the year of $945,235 (2017: $304,541), net current liabilities of $1,474,624 (2017: $335,143) and net liabilities of $1,280,378 (2017 $335,143) which the director believes to be appropriate for the following reasons:

The Company is reliant on financial support from SGO Corporation Limited, the Company's ultimate parent undertaking. SGO Corporation Limited 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

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.

A 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.

Intangible assets

Intangible assets represent the carrying value of software. Carrying value is equal to cost less accumulated amortisation and impairment.

Software which is not integral to a related item of hardware are also recognised as intangible assets. Capitalised internal-use software includes external direct costs of materials and services consumed in the development or purchase, use of dedicated contractors, and payroll and related costs for employees who are directly associated with or who devote substantial time to the project. Capitalisation of these costs ceases when the project is substantially complete and ready for its internal purpose. These costs are amortised over their expected useful life deemed to be three to five years once the asset is put into use.
Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Research and development

Research is expense as the costs are incurred. Where the expenditure reaches the requirements for IAS 38 for development the amounts are capitalised as an intangible asset.

Significant accounting estimates and judgements

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

Notes *(continued)*

2 Expenses

Included in the profit and loss account are the following:

	2018	2017
	$	$
Net foreign exchange loss	**26,054**	8,706
Auditors' remuneration	-	1,200

3 Staff numbers and costs

The average number of people (including directors) employed by the company during the year was 4. Total payroll costs in the year amounted to US$183,577 (2017: $nil) All directors are paid by other companies within SGO Corporation S.A. None of the remuneration is attributable to Folio Technologies Limited. The directors are included in the staff numbers above.

No directors were paid by the company, they were remunerated by other group companies However, an apportionment was made by the company for US$11,419 (2017: US$38,828), for the services of the two directors.

4 Taxation

	2018	2017
	$	$
UK corporation tax		
Current tax on income for the period	-	-

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2018	2017
	$	$
Current tax reconciliation		
Loss on ordinary activities before tax	(945,234)	(304,541)
Current tax at 19.25%	184,321	58,624
Effects of:		
Current period losses for which no deferred tax asset	184,321	56,475
is recognised		2,149
Expenses not deductible for tax purposes		
Total current tax charge (see above)	-	-

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.

5 Intangible assets

	Total
	£
Cost	
Balance at 31 December 2017 and 1 January 2018	-
Additions	194,246
Balance at 31 December 2018	**194,246**
Amortisation and impairment	
Balance at 31 December 2017 and 1 January 2018	-
Amortisation for the year	-
Balance at 31 December 2018	-
Net book value	
At 1 January 2018	-
At 31 December 2018	194,246
At 31 December 2018	**194,246**

Additions will begin to be amortised once the related assets become ready for use.

6 Debtors: amounts falling due within one year

	2018	2017
	$	$
Amounts owed by group undertakings	**2,079**	1,320
Prepaid taxes	**13,049**	893
Prepaid Expense	**1,173**	-
	16,301	2,213

No amounts are due from SGO Corporation S.A. or SGO Corporation Limited (2017: $nil).

7 Creditors: amounts falling due within one year

	2018	2017
	$	$
Trade creditors	72,390	7,382
Amounts owed to group undertakings	1,603,813	339,784
Accrued expenses	4,789	5,073
Payroll contribution & Employee Benefit	30,919	-
	1,711,911	352,239

Amounts owed to group undertaking are unsecured, interest free and repayable on demand.

$1,303,938 of intercompany balances are due to SGO Corporation Limited (2017: $339,380)/
$267,439 of intercompany balances are due to Smartmatic UK Limited (2017: $nil)/
$18,902 of intercompany balances are due to Smartmatic Services Corporation (2017: $nil)/
$13,121 of intercompany balances are due to Hisoft Panama S.A. (2017: $nil)/
Minor balances of $413 (2017: $404) of intercompany balances are due to other entities within the Group

8 Called up share capital

	2018	2017
	$	$
Allotted, called up and fully paid		
2 Ordinary shares of $1 each	2	2

9 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 S.A. There were no transactions with any other related parties requiring disclosure in the period.

10 Ultimate parent undertaking

The company is a wholly owned subsidiary of SGO Corporation Limited, a company incorporated in England in the United Kingdom.

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 W1U 6TQ.

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