

Unaudited Financial Statements for the Year Ended 31 December 2019

for

Electroneum Ltd

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for the Year Ended 31 December 2019

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Electroneum Ltd

Company Information
for the Year Ended 31 December 2019

DIRECTOR:

R J Ells

REGISTERED OFFICE:

Lyndean House
30-34 Albion Place
Maidstone
Kent
ME14 5DZ

REGISTERED NUMBER:

10845797 (England and Wales)

ACCOUNTANTS:

Zenon Tax Limited
51 The Stream
Ditton
Aylesford
Kent
ME20 6AG

Balance Sheet
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Intangible assets	4		34,355		45,807
Tangible assets	5		<u>71,886</u>		<u>137,494</u>
			106,241		183,301
CURRENT ASSETS					
Debtors	6	25,910,704		26,822,585	
Cash at bank and in hand		<u>150,614</u>		<u>78,724</u>	
		26,061,318		26,901,309	
CREDITORS					
Amounts falling due within one year	7	<u>26,167,459</u>		<u>27,084,510</u>	
NET CURRENT LIABILITIES			<u>(106,141)</u>		<u>(183,201)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>100</u>		<u>100</u>
CAPITAL AND RESERVES					
Called up share capital			<u>100</u>		<u>100</u>
			<u>100</u>		<u>100</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director and authorised for issue on 31 December 2020 and were signed by:

R J Ells - Director

1. **STATUTORY INFORMATION**

Electroneum Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Although the business has been impacted by the COVID-19 lockdown regulations since the balance sheet date, it has continued to operate, albeit in a different manner, in compliance with the relevant regulations. The directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

Revenue recognition

Revenue, including consideration received from the Initial Coin Offering in 2017, is recognised in accordance with the applicable Financial Reporting Standard, FRS 102 23.16.

Where third parties are issued with ETN in exchange for goods or services, the accounting treatment will be determined by assessing whether the nature of the goods or services received by the Company meet the criteria to be capitalised under FRS102. If that criteria is not met, the costs incurred will be expensed.

The amount at which to record the costs will reflect the fair value of the goods or services if these can be reliably measured. In the absence of such measurement for consideration made in ETN, BTC or ETH, the costs will be recorded with reference to the relevant daily closing price on the CoinMarketCap website.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of five years.

Current intangible assets

The Bitcoin ("BTC") and Ethereum ("ETH") cryptocurrencies received by the Company as consideration for the ETN sold in the Initial Coin Offering in 2017 is classed as a current intangible asset as it does not meet the strict criteria to be classified either as cash, cash equivalent, property, plant and equipment, a financial instrument or inventory. The BTC and ETH is held at cost, less accumulated amortisation (if any) and impairment review adjustments in accordance with Financial Reporting Standard FRS102 18.18A.

The BTC and ETH held by the Company are presented and disclosed as current assets in accordance with paragraph 1A(1) of Schedule 1 to the Regulations and FRS 102 Glossary (AMD 55) on the basis that the BTC and ETH held by the Company are not representative of non-current assets.

The BTC and ETH reserves are used as "quasi cash" for working capital purposes, being exchanged for fiat currencies or for goods and services.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost, 25% on cost and 20% on cost

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 8 (2018 - 7).

4. **INTANGIBLE FIXED ASSETS**

	Other intangible assets £
COST	
At 1 January 2019 and 31 December 2019	<u>57,259</u>
AMORTISATION	
At 1 January 2019	11,452
Charge for year	<u>11,452</u>
At 31 December 2019	<u>22,904</u>
NET BOOK VALUE	
At 31 December 2019	<u>34,355</u>
At 31 December 2018	<u>45,807</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2019	212,523
Additions	3,340
At 31 December 2019	215,863
DEPRECIATION	
At 1 January 2019	75,029
Charge for year	68,948
At 31 December 2019	143,977
NET BOOK VALUE	
At 31 December 2019	71,886
At 31 December 2018	137,494

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19 £	31.12.18 £
Trade debtors	21,588	-
Amounts owed by group undertakings	319,586	1,115,826
Other debtors	25,569,530	25,706,759
	25,910,704	26,822,585

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19 £	31.12.18 £
Trade creditors	1,316,254	131,245
Taxation and social security	14,970	10,441
Other creditors	24,836,235	26,942,824
	26,167,459	27,084,510

8. CURRENT INTANGIBLE ASSETS

Included within the heading of Other Debtors is the sterling equivalent, at historic cost, of BTC and ETH held by the Company. At the balance sheet date, this totals £21,777,074 (2018: £24,116,442).

9. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the period, the now former non- Executive Director, Dr C S Gorman invoiced the Company for consultancy services and was paid advance fees in both fiat and cryptocurrencies for his non-executive consultancy services. At the balance sheet date, advances of £119,520 (2018: £239,520) had been made to Dr Gorman and his business, Momata. These advances were paid in BTC and translated at the relevant daily closing rate as published on the CoinMarketCap website when paid, in accordance with the Company's accounting policies.

At the balance sheet date, R J Ells, Director and Chief Executive, was owed £4,804 (2018: £9,137) for costs incurred on behalf of the Company.

10. **ULTIMATE CONTROLLING PARTY**

The controlling party is Red Cube Advertising Ltd.

The ultimate controlling party is R J Ells.

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.