Registered number: NI615841

SaltVPN Limited

Unaudited

Directors' Report and Financial Statements

For the Year Ended 31 August 2017

Balance Sheet
As at 31 August 2017

	Note		2017 £		*2016 £*
Fixed assets					
Tangible assets	7		**6,984**		*10,593*
			6,984		*10,593*
Current assets					
Debtors: amounts falling due within one year	8	**243,919**		*284,905*	
Cash at bank and in hand	9	**5,371**		*133,233*	
		249,290		*418,138*	
Creditors: amounts falling due within one year	10	**(2,558,021)**		*(89,870)*	
Net current (liabilities)/assets			**(2,308,731)**		*328,268*
Total assets less current liabilities			**(2,301,747)**		*338,861*
Creditors: amounts falling due after more than one year	11		**-**		*(2,112,000)*
			(2,301,747)		*(1,773,139)*
			(2,301,747)		*(1,773,139)*
Net liabilities			**(2,301,747)**		*(1,773,139)*
Capital and reserves					
Called up share capital			**368**		*368*
Share premium account			**2,187**		*2,187*
Profit and loss account			**(2,304,302)**		*(1,775,694)*
			(2,301,747)		*(1,773,139)*

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.

SaltVPN Limited
Registered number:NI615841

Balance Sheet (continued)
As at 31 August 2017

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 on

11 October 2017.
Mr Kevin Donaghy
Director
The notes on pages 6 to 11 form part of these financial statements

Notes to the Financial Statements
For the Year Ended 31 August 2017

1. General information

SaltVPN Limited is a private company limited by shares incorporated in Northern Ireland. The registration number and address of the registered office are given in the company information section of these financial statements.

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 following principal accounting policies have been applied:

2.2 Going concern

The Directors have reviewed the resources available and believe that the Company has adequate resources to enable it to continue as a going concern for the foreseeable future.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.4 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Office equipment	- 33%
Computer equipment	- 33%

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.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.9 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.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

In the process of applying the company's accounting policies, management has not made any significant judgements. There are no key assumptions concerning the future or other key sources of estimation, that have significant risk of raising a material adjustment to the carrying amounts of assets and liabilities within the financial year.

Notes to the Financial Statements
For the Year Ended 31 August 2017

4. Other operating income

	2017	*2016*
	£	*£*
Government grants receivable	**3,510**	*2,201*
	3,510	*2,201*

5. Employees

The average monthly number of employees, including directors, during the year was 16 *(2016 - 14)*.

6. Taxation

	2017	*2016*
	£	*£*
Corporation tax		
Current tax on profits for the year	**(192,615)**	*(243,957)*
	(192,615)	*(243,957)*
Total current tax	**(192,615)**	*(243,957)*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)*. The differences are explained below:

	2017	*2016*
	£	*£*
Loss on ordinary activities before tax	**(721,221)**	*(1,070,100)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**(144,242)**	*(214,020)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**2,138**	*3,265*
Capital allowances for year in excess of depreciation	**720**	*(1,420)*
Tax losses carried forward	**25,869**	*65,874*
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(77,100)**	*(97,656)*
Total tax charge for the year	**(192,615)**	*(243,957)*

Notes to the Financial Statements
For the Year Ended 31 August 2017

7. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2016	6,980	14,444	21,424
Additions	-	1,084	1,084
At 31 August 2017	6,980	15,528	22,508
Depreciation			
At 1 September 2016	1,906	8,925	10,831
Charge for the year on owned assets	2,326	2,367	4,693
At 31 August 2017	4,232	11,292	15,524
Net book value			
At 31 August 2017	2,748	4,236	6,984

8. Debtors

	2017 £	*2016 £*
Trade debtors	38,882	*24,401*
Other debtors	202,074	*254,757*
Prepayments and accrued income	2,963	*4,498*
Grants receivable	-	*1,249*
	243,919	*284,905*

9. Cash and cash equivalents

	2017 £	*2016 £*
Cash at bank and in hand	5,372	*133,232*
	5,372	*133,232*

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Unsecured convertible loan note instrument	**2,168,039**	-
Trade creditors	**47,137**	*12,045*
Other taxation and social security	**91,908**	*22,791*
Other creditors	**69,399**	*6,878*
Accruals and deferred income	**181,538**	*48,156*
	2,558,021	*89,870*

11. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Unsecured convertible loan note instrument	-	*2,112,000*
	-	*2,112,000*

The Company issued an additional £56,039 of convertible loan notes during the year. Loan notes are convertible into ordinary shares no later than 36 months from the date of issue being 8 December 2017.

12. Share based payments

The Company granted options over 579,068 shares to certain key employees. At the year end 533,899 of these options had vested. The cost of providing the options has been based on the market value of the options at the date of grant based on a comparison to other transactions in shares of the Company.

13. Contingent liabilities

The Company has issued convertible loan notes totalling £2,168,039. Interest is only payable on these loan notes 36 months after issue (8 December 2017) or upon redemption. At the year end there is a contingent liability of £295,475 in respect of interest due if the above conditions had been met.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and I