

SaltVPN Limited

Unaudited

Directors' Report and Financial Statements

For the Year Ended 31 August 2019



SaltVPN Limited
Registered number:NI615841

Balance Sheet
As at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	6	12,667	14,627
		<u>12,667</u>	<u>14,627</u>
Current assets			
Debtors: amounts falling due within one year	7	553,712	407,155
Cash at bank and in hand	8	217,649	205,020
		<u>771,361</u>	<u>612,175</u>
Creditors: amounts falling due within one year	9	(779,434)	(2,814,146)
Net current liabilities		<u>(8,073)</u>	<u>(2,201,971)</u>
Total assets less current liabilities		<u>4,594</u>	<u>(2,187,344)</u>
Net assets/(liabilities)		<u>4,594</u>	<u>(2,187,344)</u>
Capital and reserves			
Called up share capital	10	9,896	574
Share premium account		3,784,517	946,418
Profit and loss account		(3,789,819)	(3,134,336)
		<u>4,594</u>	<u>(2,187,344)</u>

SaltVPN Limited
Registered number: NI615841

Balance Sheet (continued)
As at 31 August 2019

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 Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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 on 19 November 2019.


Mr Joe Boyle
Director

The notes on pages 3 to 8 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 August 2019**

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 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

The Company made a loss of £655,483 during the year and has a net asset position at the year end of £4,593.

The Company is in the development phase of software and product solutions in the secure mobile communications market. While it has secured a number of customers, it has not yet achieved a level of trading to breakeven. It secured a significant level of equity investment during the year and is in discussions with existing shareholders regarding additional equity investment. It has to date, therefore, relied on the continuing support of its shareholders. Management have secured a number of new contracts and are actively pursuing a number of new opportunities.

While the foregoing indicates the Company may be unable to discharge its liabilities in the normal course of business, management and the directors are working to develop new business and additional investment. Based upon the above, and after making appropriate enquiries, the directors have formed a judgement at the time of writing that it is appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

**Notes to the Financial Statements
For the Year Ended 31 August 2019**

2. Accounting policies (continued)

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:

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.

2.4 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.

2.5 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.

**Notes to the Financial Statements
For the Year Ended 31 August 2019**

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

**Notes to the Financial Statements
For the Year Ended 31 August 2019**

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

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.

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Employees	16	18

5. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	550
Other loan interest payable	135,081	425,557
	<u>135,081</u>	<u>426,107</u>

**Notes to the Financial Statements
For the Year Ended 31 August 2019**

6. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2018	12,797	24,517	37,314
Additions	-	6,108	6,108
At 31 August 2019	12,797	30,625	43,422
Depreciation			
At 1 September 2018	7,366	15,323	22,689
Charge for the year on owned assets	2,360	5,706	8,066
At 31 August 2019	9,726	21,029	30,755
Net book value			
At 31 August 2019	3,071	9,596	12,667
At 31 August 2018	5,432	9,195	14,627

7. Debtors

	2019 £	2018 £
Trade debtors	227,882	62,122
Other debtors	322,801	288,936
Prepayments and accrued income	3,029	56,097
	553,712	407,155

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	217,649	205,019
	217,649	205,019

Notes to the Financial Statements
For the Year Ended 31 August 2019

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Unsecured convertible loan note instrument	-	2,168,039
Trade creditors	8,515	21,981
Other taxation and social security	68,253	66,225
Other creditors	216,772	17,353
Accruals and deferred income	485,894	540,548
	<u>779,434</u>	<u>2,814,146</u>

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
4,034,722 (2018 - 573,560) Ordinary shares of £0.001 each	4,035	574
2,121,290 (2018 - NIL) Deferred Ordinary shares of £0.001 each	2,121	-
3,739,660 (2018 - NIL) Preferred Ordinary shares of £0.001 each	3,740	-
	<u>9,896</u>	<u>574</u>

During the year the Company issued 2,398,209 £0.001 Ordinary shares at a price of £0.368 per share, converted 100,684 Ordinary shares to Deferred Ordinary shares, issued 2,020,290 Deferred Ordinary shares of £0.001 at a price of £0.71 per share and issued 3,739,660 Preferred Ordinary shares at a price of £0.134 per share. Options over 1,163,636 £0.001 ordinary shares were exercised at a price of £0.033 per share.

11. Share based payments

During the year the Company granted options over 4,531,075 shares. During the year 1,163,636 of these options vested and were exercised.