

SaltVPN Limited

Registered number: NI615841

Unaudited

Directors' Report and Financial Statements

For the Year Ended 31 August 2018



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29/10/2018
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SaltVPN Limited
Registered number: NI615841

Balance Sheet
As at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	14,627	6,984
		<u>14,627</u>	<u>6,984</u>
Current assets			
Debtors: amounts falling due within one year	7	407,154	243,919
Cash at bank and in hand	8	205,020	5,372
		<u>612,174</u>	<u>249,291</u>
Creditors: amounts falling due within one year	9	(2,814,145)	(2,558,022)
Net current liabilities		<u>(2,201,971)</u>	<u>(2,308,731)</u>
Total assets less current liabilities		<u>(2,187,344)</u>	<u>(2,301,747)</u>
Net liabilities		<u>(2,187,344)</u>	<u>(2,301,747)</u>
Capital and reserves			
Called up share capital		574	368
Share premium account		946,418	2,187
Profit and loss account		(3,134,336)	(2,304,302)
		<u>(2,187,344)</u>	<u>(2,301,747)</u>

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.

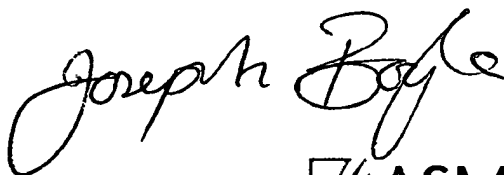
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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 on 12 October 2018.

Mr Joe Boyle
Director


☐ **ACCA**

SaltVPN Limited
Registered number: NI615841

Balance Sheet (continued)
As at 31 August 2018

The notes on pages 4 to 8 form part of these financial statements.

SaltVPN Limited

**Statement of Changes in Equity
For the Year Ended 31 August 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 September 2016	368	2,187	(1,775,696)	(1,773,141)
Comprehensive income for the year				
Loss for the year	-	-	(528,606)	(528,606)
Total comprehensive income for the year	-	-	(528,606)	(528,606)
At 1 September 2017	368	2,187	(2,304,302)	(2,301,747)
Comprehensive income for the year				
Loss for the year	-	-	(830,034)	(830,034)
Total comprehensive income for the year	-	-	(830,034)	(830,034)
Shares issued during the year	205	944,231	-	944,436
Total transactions with owners	205	944,231	-	944,436
At 31 August 2018	573	946,418	(3,134,336)	(2,187,345)

The notes on pages 4 to 8 form part of these financial statements.

SaltVPN Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

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 Company made a loss of £830,034 during the year and has a net liability position at the yearend of £1,187,344.

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 has to date, therefore, relied on the continuing support of its convertible loan note holders and shareholders. It also secured a significant level of equity investment during the year and continues to seek additional equity investment. Management have also 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.

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.

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

2. Accounting policies (continued)

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.

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.

SaltVPN Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

2. Accounting policies (continued)

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.

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 directors, during the year was 18 (2017 - 16).

SaltVPN Limited

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

5. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	550	36
Other loan interest payable	425,557	-
	<u>426,107</u>	<u>36</u>

As convertible loan notes (note 11) were not exercised by their long stop date of 10 December 2017, interest accrued from the date of the original issue.

6. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2017	6,980	15,528	22,508
Additions	5,817	8,989	14,806
At 31 August 2018	<u>12,797</u>	<u>24,517</u>	<u>37,314</u>
Depreciation			
At 1 September 2017	4,232	11,294	15,526
Charge for the year on owned assets	3,133	4,028	7,161
At 31 August 2018	<u>7,365</u>	<u>15,322</u>	<u>22,687</u>
Net book value			
At 31 August 2018	<u>5,432</u>	<u>9,195</u>	<u>14,627</u>

7. Debtors

	2018 £	2017 £
Trade debtors	62,122	38,882
Other debtors	288,935	202,074
Prepayments and accrued income	56,097	2,963
	<u>407,154</u>	<u>243,919</u>

SaltVPN Limited

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

8. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	205,019	5,372
	<u>205,019</u>	<u>5,372</u>

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Unsecured convertible loan note instrument *	2,168,039	2,168,039
Trade creditors	21,981	47,137
Other taxation and social security	66,225	91,908
Other creditors	17,352	69,399
Accruals and deferred income	540,548	181,539
	<u>2,814,145</u>	<u>2,558,022</u>

* The unsecured convertible loan notes carry interest at a rate of 6%.

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
573,561 (2017 - 368,000) Ordinary shares shares of 0.001 each	<u>574</u>	<u>368</u>

During the year the Company issued 138,457 £0.001 ordinary shares for a consideration of \$9.3513 per share. Share options over 66,750 shares were exercised at a price of £0.33 per share.

11. Share based payments

The Company granted options over 579,068 shares to certain key employees. During the year 17,312 of these options vested and 66,750 were exercised. At the year end 498,171 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.