

Ingenia Technology (U.K.) Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 05964968

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Ingenia Technology (U.K.) Limited

Company Information

Directors	R P Cowburn C R Gibbin R M Pilkington A Rehman
Registered number	05964968
Registered office	4th Floor 13 Berkeley Street London W1J 8DU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Ingenia Technology (U.K.) Limited

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 - 13

Ingenia Technology (U.K.) Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company during the period was to carry on the business of marketing Laser Surface Authentication technology which is used for the verification of papers, plastics and metals, as used in documents, ID cards and product packaging.

Directors

The directors who served during the year were:

R P Cowburn
C R Gibbin
R M Pilkington
A Rehman

Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ingenia Technology (U.K.) Limited

Directors' Report (continued) for the Year Ended 31 December 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



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A Rehman
Director

Date: 26/9/2018

Ingenia Technology (U.K.) Limited

Independent Auditor's report to the members of Ingenia Technology (U.K.) Limited

Opinion

We have audited the financial statements of Ingenia Technology (U.K.) Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Ingenia Technology (U.K.) Limited

Independent Auditor's report to the members of Ingenia Technology (U.K.) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Ingenia Technology (U.K.) Limited

Independent Auditor's report to the members of Ingenia Technology (U.K.) Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities section, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Stuart Barnsdall (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 28/9/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ingenia Technology (U.K.) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Administrative expenses		(373,362)	(458,410)
Research and development write off		(17,251)	(27,867)
Operating loss	4	<u>(390,613)</u>	<u>(486,277)</u>
Interest receivable and similar income		54	45
Loss before tax		<u>(390,559)</u>	<u>(486,232)</u>
Tax on loss	6	-	34,196
Loss for the financial year		<u>(390,559)</u>	<u>(452,036)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(390,559)</u></u>	<u><u>(452,036)</u></u>

All amounts relate to continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

Ingenia Technology (U.K.) Limited

Registered number: 05964968

Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Tangible assets	7	-	-
Current assets			
Debtors	8	7,856	42,145
Cash at bank and in hand		113,721	50,590
		<u>121,577</u>	<u>92,735</u>
Creditors: amounts falling due within one year	9	(10,730,692)	(10,311,291)
Net current liabilities		<u>(10,609,115)</u>	<u>(10,218,556)</u>
Net liabilities		<u>(10,609,115)</u>	<u>(10,218,556)</u>
Capital and reserves			
Share capital	10	1	1
Accumulated losses	11	(10,609,116)	(10,218,557)
		<u>(10,609,115)</u>	<u>(10,218,556)</u>

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 were approved and authorised for issue by the board and were signed on its behalf by:



A Rehman
 Director

Date: 26/9/2018

The notes on pages 9 to 13 form part of these financial statements.

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Ingenia Technology (U.K.) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Accumulated losses £	Total equity £
At 1 January 2017	1	(10,218,557)	(10,218,556)
Comprehensive loss for the year			
Loss for the year	-	(390,559)	(390,559)
Total comprehensive loss for the year	-	(390,559)	(390,559)
At 31 December 2017	1	(10,609,116)	(10,609,115)

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Accumulated losses £	Total equity £
At 1 January 2016	1	(9,766,521)	(9,766,520)
Comprehensive loss for the year			
Loss for the year	-	(452,036)	(452,036)
Total comprehensive loss for the year	-	(452,036)	(452,036)
At 31 December 2016	1	(10,218,557)	(10,218,556)

The notes on pages 9 to 13 form part of these financial statements.

Ingenia Technology (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1. General information

Ingenia Technology (U.K.) Limited, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and its principal activities are set out in the Directors' Report.

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 'Small Entities' 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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Going concern

The company has net liabilities of £10,609,115 and the ability of the company to continue as a going concern is dependant on the continuing financial support of its ultimate controlling party, Autofam Establishment, an anstalt registered in Liechtenstein.

The directors have received written indications from Autofam Establishment that continued funding will be available to finance the company's working capital requirements for the foreseeable future, being a period of not less than twelve months from the date of approval of the financial statements. Although there is no legal obligation for Autofam Establishment to provide this continued support, the directors are confident that such funding will be forthcoming.

Having considered the written indications received from Autofam Establishments and the forecast cash flows for the company for the period to 30 September 2019, the directors have concluded that it is appropriate to adopt the going concern basis in preparing these financial statements.

2.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimate residual value, over their expected useful lives on the following bases:

Plant & machinery	- 5 years
Fixtures & fittings	- 2 - 10 years
Computer equipment	- 3 years

Ingenia Technology (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

2. Accounting policies (continued)

2.3 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all the timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.5 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.

2.6 Creditors

Short term creditors are measured at the transaction price.

2.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

2.8 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.9 Grants received

Grants received are credited to the profit and loss account as the related expenditure is incurred.

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

In preparing these financial statements, the directors have not had to make any significant judgements or estimates.

Ingenia Technology (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	3,300	7,350
Exchange differences	163,724	252,377

During the year, no director received any emoluments (2016 - £Nil).

5. Employees

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

	2017 No.	2016 No.
	1	1

Consultancy fees of £20,000 (2016 - £20,000) are paid to directors for work performed.

6. Taxation

The company has tax losses amounting to £8,403,000 (2016 - £8,013,000) available for offset against future taxable profits. As a result, future tax payments will be reduced until these losses have been utilised.

The company has a potential deferred tax asset of £1,429,000 (2016 - £1,371,000) representing tax losses available to offset against future profit from the same trade. This potential asset has not been recognised in these financial statements because there is insufficient certainty as to the incidence and timing of future taxable profits against which the losses might be offset.

In 2017 the company received tax credits in relation to its research and development expenditure in 2016 totalling £Nil (2016 - £34,196).

	2017 £	2016 £
Corporation tax		
Tax credit in relation to R&D	-	(34,196)
Total current tax	-	(34,196)

Ingenia Technology (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

7. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2017 and 31 December 2017	91,332	78,667	32,484	202,483
Depreciation				
At 1 January 2017 and 31 December 2017	91,332	78,667	32,484	202,483
Net book value				
At 31 December 2017	-	-	-	-
At 31 December 2016	-	-	-	-

8. Debtors

	2017 £	2016 £
Other debtors	5,027	41,098
Prepayments and accrued income	2,829	1,047
	<u>7,856</u>	<u>42,145</u>

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	620	73,831
Amounts owed to group undertakings	6,000,639	6,139,887
Other creditors	4,675,764	4,085,433
Accruals and deferred income	53,669	12,140
	<u>10,730,692</u>	<u>10,311,291</u>

Ingenia Technology (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

10. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

11. Reserves

Accumulated losses

Accumulated losses represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Related party transactions

Ingenia Technology (UK) Limited (ITL-UK) is related to Ingenia Holdings Limited (IHL), incorporated in the British Virgin Islands (BVI), by virtue of the fact that IHL is the sole shareholder of ITL-UK. During the year, ITL-UK paid expenses amounting to £150,642 (2016 - £225,636) on behalf of IHL. A balance of £5,636,502 (2016 - £5,787,144) was due from ITL-UK to IHL at 31 December 2017, and this amount is included within amounts owed to group undertakings falling due within one year.

ITL-UK is related to Palomara Limited (PL), a company incorporated in the British Virgin Islands, by virtue of common control. During the year PL provided loans to ITL-UK amounting to £438,620 (2016 - £Nil). After taking into account exchange losses of £152,311 (2016 - £212,053), a balance of £4,675,764 (2016 - £4,085,433) was due from ITL-UK to PL at 31 December 2017. This amount has been recognised within other creditors due within one year.

ITL-UK is related to Hitech FZE, a company incorporated in United Arab Emirates, by virtue of common control. During the year Hitech FZE incurred expenses on behalf of ITL-UK of £210 (2016 - £Nil). After taking into account exchange losses of £11,183 (2016 - £41,217), a balance of £364,136 (2016 - £352,743) was due from ITL-UK to Hitech FZE at 31 December 2017, and this amount has been recognised within amounts owed to group undertakings due within one year.

13. Controlling party

The immediate parent company is Ingenia Holdings Limited which is incorporated in the British Virgin Islands. The directors consider the ultimate parent and controlling party to be Autofam Establishment, an anstalt registered in Liechtenstein.