
CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

ANNUAL REPORT
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED
31 DECEMBER 2019



CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

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CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED
REGISTERED NUMBER:08281080

BALANCE SHEET
AS AT 31 DECEMBER 2019


	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	222,916	-
Tangible assets	5	979,247	568,414
		<u>1,202,163</u>	<u>568,414</u>
Current assets			
Debtors: amounts falling due after more than one year	6	1,036,888	-
Debtors: amounts falling due within one year	6	775,891	311,183
Bank & cash balances	7	282,622	133,039
		<u>2,095,401</u>	<u>444,222</u>
Creditors: amounts falling due within one year	8	(477,938)	(459,066)
Net current assets/(liabilities)		<u>1,617,463</u>	<u>(14,844)</u>
Total assets less current liabilities		<u>2,819,626</u>	<u>553,570</u>
Net assets		<u>2,819,626</u>	<u>553,570</u>
Capital and reserves			
Called up share capital	9	5,600,001	5,600,001
Capital redemption reserve	10	-	57,498
Profit and loss account	10	(2,780,375)	(5,103,929)
		<u>2,819,626</u>	<u>553,570</u>

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 profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 1 to 13 were approved and authorised for issue by the board and were signed on its behalf on 27 January 2021.



J. Poliner
Director

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1	2,276,366	(5,322,358)	(3,045,991)
Comprehensive income for the year				
Loss for the year	-	-	(592,134)	(592,134)
Total comprehensive income for the year	-	-	(592,134)	(592,134)
Shares issued during the year	5,600,000	-	-	5,600,000
Charge arising on debt for equity exchange	-	-	(1,408,305)	(1,408,305)
Transfers	-	(2,218,868)	2,218,868	-
Total transactions with owners	5,600,000	(2,218,868)	810,563	4,191,695
At 1 January 2019	5,600,001	57,498	(5,103,929)	553,570
Comprehensive income for the year				
Profit for the year	-	-	2,266,056	2,266,056
Total comprehensive income for the year	-	-	2,266,056	2,266,056
Transfers	-	(57,498)	57,498	-
Total transactions with owners	-	(57,498)	57,498	-
At 31 December 2019	5,600,001	-	(2,780,375)	2,819,626

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

1.1 Statement of compliance

The Company's principal activity is the provision of payment processing and passenger information technologies for the transportation industry.

Creative Mobile Technologies (UK) Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Salisbury House, London Wall, London, EC2M 5PS and its principal place of business is Unit 11 Vision Industrial Park, Kendal Avenue, London, W3 0AF.

1.2 Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Section 1A 'Small Entities' of Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.3 Going concern

The Company's activities have been severely impacted by the COVID-19 Pandemic with revenues falling substantially during the various UK lockdowns. The Company has taken steps to reduce costs, with staff being furloughed under the Coronavirus Job Retention Scheme, and to manage its cashflows by taking advantage of the government's time to pay schemes. In addition, the Company has received funding under the Coronavirus Business Interruption Loan Scheme (CBILS) amounting to £1.5 million. The loan terms include certain covenants which the Company has currently breached. As such the lender has issued a default notice requiring the Company to rectify the default. At the date of signing of these financials statements the Company remains in default. However, the lender has not as yet demanded repayment of the loan.

The Company's ultimate parent company, Creative Mobile Technologies LLC, is currently taking steps to raise finance so as to be able to rectify this default. Negotiations with lenders and possible strategic partners are currently ongoing, but as at the date of this report no firm offers have been received.

The directors have prepared cashflow forecasts for the period to 31 October 2022 which assume that (1) the lender will not take steps to recover its loan (2) the Company's revenues will increase when the current UK lockdown ends (3) that costs savings can fully realised. Whilst these forecasts show that the Company will have sufficient funds to meet its liabilities and commitments as they fall due in the period of at least twelve months from the date of signing of these financial statements, the directors recognise that there are material uncertainties; namely (1) that the Company together with its parent company will be able to rectify the default by raising new finance as outlined above (2) when the current UK lockdown restrictions will end. Whilst these matters indicate that material uncertainties exist, the directors remain confident that these uncertainties can be successfully managed and accordingly they have prepared the financial statements on the going concern basis.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.4 Revenue

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates and value added tax. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale 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.

1.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account and included in 'administrative expenses'.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and dismantling and restoration costs. Depreciation is calculated, using the straight line method, to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Plant & machinery	- 5 years
Motor vehicles	- 4 years
Fixtures & fittings	- 4 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

During the year management reviewed the estimated useful lives of the Company's fixed assets. Based on the failure rate of the assets since their acquisition it was determined that the estimated useful life of plant and machinery should be extended from 3 to 5 years. The impact of this change has been to reduce the depreciation charge for the year by £356,883.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are expensed as incurred. Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Profit and Loss Account and included in 'administrative expenses'.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.7 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Profit and Loss Account in 'administrative expenses'.

Cash and cash equivalents

Cash and cash equivalents which comprise cash at bank and in hand excludes monies held for third parties.

Loans

Loans which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loans that are payable within one year are not discounted.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.8 Share capital

Ordinary shares are classified as equity.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss Account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and profit on ordinary activities before taxation as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.10 Operating leases: lessee

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

1.11 Related parties

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.12 Intangible fixed assets - development expenditure

Development expenditure is capitalised where there is expected to be a benefit to future periods and the following conditions are met:

It is technically feasible to complete the development so that the product will be available for use;
It is intended to use the product being developed and the Company is able to use the product;
It can be demonstrated that the product will generate probable future economic benefits;
Adequate technical, financial and other resources exist so that the product development can be completed and subsequently used; and
Expenditure attributable to the development work can be reliably measured.

The Company assesses at each reporting date whether an intangible fixed asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount is impaired and it is reduced to its recoverable amount through an impairment in the Profit and Loss Account. An impairment loss recognised is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses and on completion of the project is amortised over its useful economic life of 5 years.

All other development expenditure is recognised as an expense in the period in which it is incurred.

1.13 Monies held for third parties

In the provision of payments processing services the Company receives and holds monies on behalf of third parties. Where these monies are required to be held or deposited in a designated client bank account they are not recognised in the financial statements.

1.14 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

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

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The resultant judgements and estimates will, by definition, not necessarily equal the related actual results and may require adjustment in subsequent accounting periods. The estimates and assumptions that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

Interest rate used on financing transactions

Management have used their judgement in determining a commercial rate of interest that would be applicable to financing transactions with group companies.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Employees

The average monthly number of employees, including directors, during the year was 11 (2018 - 11).

4. Intangible assets

	Development expenditure £
Cost	
At 1 January 2019	-
Additions	222,916
At 31 December 2019	222,916
Net book value	
At 31 December 2019	222,916
At 31 December 2018	-

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2019	5,883,828	-	5,883,828
Additions	624,124	6,600	630,724
At 31 December 2019	<u>6,507,952</u>	<u>6,600</u>	<u>6,514,552</u>
Depreciation			
At 1 January 2019	5,315,414	-	5,315,414
Charge for the year on owned assets	218,241	1,650	219,891
At 31 December 2019	<u>5,533,655</u>	<u>1,650</u>	<u>5,535,305</u>
Net book value			
At 31 December 2019	<u>974,297</u>	<u>4,950</u>	<u>979,247</u>
At 31 December 2018	<u>568,414</u>	<u>-</u>	<u>568,414</u>

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	1,036,888	-
	<u>1,036,888</u>	<u>-</u>
	2019 £	2018 £
Due within one year		
Trade debtors	13,281	3,137
Amounts owed by group undertakings	145,840	127,941
Other debtors	53,711	53,711
Prepayments and accrued income	23,059	31,394
Deferred taxation	540,000	95,000
	<u>775,891</u>	<u>311,183</u>

7. Cash and cash equivalents

Excluded from cash and cash equivalents is £444,152 (2018: £473,844) of monies held on behalf of third parties.

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	-	135
Trade creditors	138,977	60,983
Amounts owed to group undertakings	-	181,303
Other taxation and social security	78,895	38,478
Other creditors	24,824	11,041
Accruals and deferred income	235,242	167,126
	<u>477,938</u>	<u>459,066</u>

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
5,600,001 (2018 - 5,600,001) Ordinary shares of £1.00 each	<u>5,600,001</u>	<u>5,600,001</u>

10. Reserves

Profit & loss account

The Profit & loss account represents retained losses.

Capital contribution

The Capital contribution arises on financing transactions with group entities and is not distributable.

11. Capital commitments

At the balance sheet date the Company had entered into a commitment to purchase fixed assets costing £549,854 (2018 - £nil).

12. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	89,518	89,518
Later than 1 year and not later than 5 years	358,072	358,072
Later than 5 years	89,518	179,036
	<u>537,108</u>	<u>626,626</u>

13. Controlling party

The Company's immediate parent undertaking is Creative Mobile Technologies (Europe) Limited, a company registered in England and Wales. The Company's intermediate parent undertaking is CMT Holdings (Europe) LLP, a limited liability partnership registered in England and Wales.

The Company's ultimate parent undertaking is Creative Mobile Technologies LLC, a company registered in the United States of America.

CREATIVE MOBILE TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Related party disclosures

During the period the Company purchased goods and services amounting to £415,558 (2018: £382,713) from a company wholly owned by Creative Mobile Technologies LLC. At the balance sheet date the amount owed by the Company in respect of these transactions, translated at the year end exchange rate, was £nil (2018: £37,710).

15. Subsequent events

The Company's activities have been severely impacted by the COVID-19 Pandemic with revenues falling substantially during the various UK lockdowns.

The Company has taken steps to reduce costs, with staff being furloughed under the Coronavirus Job Retention Scheme, and to manage its cashflows by taking advantage of the governments time to pay schemes.

In addition, the Company has received funding under the Coronavirus Business Interruption Loan Scheme (CBILS) amounting to £1.5 million. The loan terms include certain covenants which the Company has currently breached. As such the lender has issued a default notice requiring the Company to rectify the default. At the date of signing of these financials statements the Company remains in default. However, the lender has not as yet demanded repayment of the loan.

16. Auditors' information

As the profit and loss account has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

The auditors' report included the following paragraph in respect of a material uncertainty related to going concern:

We draw attention to note 1.3 "Going concern" in the financial statements. This notes that (1) the Company's activities have been severely impacted by the COVID-19 Pandemic; and (2) the Company is currently in breach of the covenants of its CBILS Loan and whilst the lender now has the right to recall its loan it has not yet done so; and (3) whether the Company and its parent company will be able to rectify this default by raising new finance. These matters together with the other matters set forth in note 1.3 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 27 January 2021 by Daniel D. E. Crawford (Senior Statutory Auditor) on behalf of F. W. Smith, Riches & Co.