

Company Registration No. 10866153 (England and Wales)

WERQWISE (UK) LIMITED
AMENDED UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR

WERQWISE (UK) LIMITED

CONTENTS

	Page
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 10

WERQWISE (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Investments	4		11,198,502		9,226,818
Current assets					
Cash at bank and in hand		333,385		115,503	
Creditors: amounts falling due within one year	7	(1,949,942)		(1,259,159)	
Net current liabilities			(1,616,557)		(1,143,656)
Total assets less current liabilities			9,581,945		8,083,162
Creditors: amounts falling due after more than one year	8		(4,394,167)		(2,349,317)
Net assets			5,187,778		5,733,845
Capital and reserves					
Called up share capital	9		6,242,332		6,188,523
Profit and loss reserves			(1,054,554)		(454,678)
Total equity			5,187,778		5,733,845

The Directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 November 2021 and are signed on its behalf by:

N Khugpath
Director
Company Registration No. 10866153

WERQWISE (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
As restated for the period ended 31 December 2019:				
Balance at 1 January 2019		5,694,295	(115,333)	5,578,962
Effect of prior year adjustment		(304,265)	(210,349)	(514,614)
As restated		5,390,030	(325,682)	5,064,348
Period ended 31 December 2019:				
Loss and total comprehensive income for the period		-	(128,996)	(128,996)
Issue of share capital	9	798,557	-	798,557
Reduction of shares	9	(64)	-	(64)
Balance at 31 December 2019		6,188,523	(454,678)	5,733,845
Year ended 31 December 2020:				
Loss and total comprehensive income for the year		-	(599,876)	(599,876)
Issue of share capital	9	53,809	-	53,809
Balance at 31 December 2020		6,242,332	(1,054,554)	5,187,778

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Werqwise (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ground Floor, Charles House, 5-11 Regent Street, St James's, London, SW1Y 4LR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied, other than where additional disclosure is required to show a true and fair view.

The functional currencies of the company are both sterling and the US dollar, as costs and finance are in both currencies. These accounts have been presented in sterling as the company is a UK company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future with the support of its shareholders and creditors. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Convertible loan notes

Convertible loan notes are convertible at the loan note holders option and bear 12% interest. These are reflected as debt.

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Where equity instruments, including preference share capital, contain both a liability and an equity component, the proceeds from the equity instruments are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an equity component. This is then measured at amortised cost.

The difference between the net proceeds of equity instruments with liability components and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	3	3

4 Fixed asset investments

	2020 £	2019 £
Investments	3,472,846	3,472,846
Loans	7,725,656	5,753,972
	11,198,502	9,226,818

Interest of 5% per annum accrues on the loan.

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
1. Werqwise USA Inc	USA	Ordinary and preference shares	100.00	-
2. Werqwise One, LLC	USA	Ordinary shares	0	100.00
3. Werqwise, Inc	USA	Ordinary shares	0	100.00
4. San Mateo One LLC	USA	Ordinary shares	0	100.00

Registered office addresses:

- 1 108 W 13th Street, Wilmington, New Castle, DE 19801
- 2 149 New Montgomery St., San Francisco, CA 94105
- 3 149 New Montgomery St., San Francisco, CA 94105
- 4 149 New Montgomery St., San Francisco, CA 94105

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
1. Werqwise USA Inc	2,649,596	(109,255)
2. Werqwise One, LLC	(1,386)	-
3. Werqwise, Inc	(3,774,068)	(1,139,256)
4. San Mateo One LLC	-	-

6 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	7,725,656	5,753,972
Equity instruments measured at cost less impairment	3,472,846	3,472,846
Carrying amount of financial liabilities		
Measured at amortised cost	6,344,109	3,608,476

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Unsecured loan notes	1,117,193	965,657
Trade creditors	3,572	-
Amounts due to group undertakings	259,926	-
Other creditors	569,251	293,502
	<u>1,949,942</u>	<u>1,259,159</u>

The unsecured loan notes accrue interest at a rate of 12% per annum on the principal amount outstanding.

8 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Unsecured loan notes		3,910,428	1,926,963
Debt component of preference shares	11	483,739	422,354
		<u>4,394,167</u>	<u>2,349,317</u>

Unsecured loan notes include loans of £2,153,660 from a related party, Solihull Moors Group Limited, which shares a common director. Included in the balance is £8,261 of accrued interest.

Included within unsecured loan notes are convertible loan notes which accrue interest at a rate of 12% per annum and are treated as a liability. These US dollar denominated notes amount to £1,935,242 (2019: £nil) at the year end.

The preference shares entitle the holders to a dividend as follows: At the end of the third year, a dividend of 3% is payable, increasing by 1% per annum thereafter. The debt component of the preference shares has been discounted to net present value using an effective interest rate of 14% and the movement during the year represents the unwinding of that discount.

9 Called up share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
331 A Ordinary of 75p each	248	248
194 B Ordinary of 74.22p each	144	144
364 C Ordinary of 66p each	240	240
5,799,623 D Ordinary of 74.64452p each	4,329,101	4,329,101
	<u>4,329,733</u>	<u>4,329,733</u>

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Called up share capital (Continued)

Preference share capital

Issued and fully paid

2,399,899 A Preference of 74.84p each	1,796,020	1,796,020
555,292 (2019: 485,240) B Preference of 75.79p each	420,844	367,035
	<u>2,216,864</u>	<u>2,163,055</u>
Preference shares classified as equity	1,912,599	1,858,790
Preference shares classified as liabilities	304,265	304,265
	<u>2,216,864</u>	<u>2,163,055</u>

Nominal value of shares is \$1, these are recognised at the sterling value at date of share issue.

The A, B, C and D ordinary shares rank pari passu with each other and have one vote per share; no right to receive a dividend; a dividend may be paid on these shares at the discretion of the board of directors; no preference on a return of capital on liquidation or otherwise and; rank behind the preference shares in respect of unpaid dividends.

The deferred shares have no right to a dividend; no rights to participate in a distribution (including on winding up); no preference on a return of capital on liquidation or otherwise; rank behind the A preference shares (in respect of unpaid dividends) and with the ordinary shares, the B preference shares and the D shares in accordance with the Articles; no rights of redemption.

The A Preference shares carry the right to receive a fixed cumulative preferential dividend of 3% from September 2020, rising 1% per annum until the shares are redeemed. Both A and B preference shares are redeemable at the option of the company. The B Preference shares do not carry rights to dividends. Preference shares do not have voting rights. They otherwise rank pari passu with the ordinary shares.

The A Preference shares provide the company with the option to redeem the shares and the obligation to pay a non-discretionary dividend and are therefore considered to contain both a liability and equity component. The nominal value of the A preference shares is \$2,399,899, which translated to £1,796,020 at the point of issue. Of this amount, £1,491,755 was attributed to the equity component and is included in share capital. The balance of £304,265 was attributed to the debt component and is included within Creditors: amounts falling due after one year as "Debt component of preference shares."

10 Directors' transactions

Included in other creditors is a balance of £Nil (2019: £50,107) owed to N Khugpath who is a director and shareholder of the company.

Included in unsecured loan notes is a balance of £103,178 (2019: £105,526) owed to N Khugpath, £9,918 (2019: £9,918) owed to A Mackay, who are both directors of the company.

Remuneration for directors during the period amounted to £Nil (2019: £47,935)

At the year end £2,153,660 (2019: £2,173,351) was owed to Solihull Moors Group Limited, a company with a common director and shareholder.

WERQWISE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Prior period adjustment

The company previously recognised the class A preference shares entirely as equity but it has been identified that they contain both an equity and a debt component and that the initial accounting treatment was incorrect. This error has been corrected via restating the comparative figures as well as the opening reserves at 1 January 2019 in these financial statements. The effect of this has been shown below:

Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Dec 2019 £
Creditors due within one year			
Debt component of preference shares	(44,690)	(248,812)	(293,502)
Creditors due after one year			
Loans and overdrafts	-	(422,354)	(422,354)
Net assets	6,405,011	(671,166)	5,733,845
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Share capital	6,492,788	(304,265)	6,188,523
Profit and loss reserves	(87,777)	(366,901)	(454,678)
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2019			
Interest payable and similar expenses	(168,385)	(156,552)	(324,937)
Profit/(loss) for the financial period	27,556	(156,552)	(128,996)
	<u> </u>	<u> </u>	<u> </u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.