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# !OBAC Limited

Annual Report

For the year ended 31 December 2015



# !OBAC Limited

## Directors and Advisers

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<b>Directors</b>	D F Smyth I Spreadborough L Smyth
<b>Company number</b>	FCO31362
<b>Registered office</b>	1st & 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
<b>Registered auditors</b>	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

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# IOBAC Limited

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# IOBAC Limited

## Strategic Report

For the year ended 31 December 2015

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The directors present their Strategic Report and consolidated financial statements for the year ended 31 December 2015

### Review of the business

In the period to and including the year ended 31 December 2015 the Group was in its development phase ensuring that patents were assigned and lodged in the relevant countries. Simultaneously the Group sought external investment to help position the IOBAC solution as the commercial flooring system of choice. This report is made subject to various non-disclosure agreements. The shareholders have underwritten the development costs of the Group in this period and they maintain a long term commitment to the business.

### Future developments

At the time of writing this report, the Group has achieved unprecedented success. In January 2016 we received external investment and subsequently secured several commercial flooring rollouts with several of the world's largest retailers. The IOBAC magnetised flooring system has been specified by these retailers after successful trials that took place in 2015. The system is being installed by IOBAC approved contractors and supplied by IOBAC approved distributors to retailers in both the UK and US.

### Principal risks and uncertainties

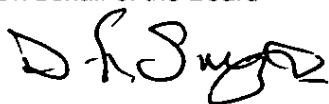
The Board considers that the overall risks and uncertainties for the Group are low as the Group does not hold stock, does not buy or sell materials and does not install any of the IOBAC system. The risks surrounding the installation of the IOBAC system are covered, in the main, by contractors' insurance and manufacturers warranties. The Group approves and trains the contractors to apply the system.

Macroeconomic risk from consumer downturn may marginally affect retailer's refurbishment plans, but downturn often creates the drive for retailers to differentiate themselves from their competitors through more creative refurbishments which may well drive further sales.

### Key performance indicators

The key performance indicators for the business are the number of clients specifying the IOBAC magnetic flooring system aligned to the number of manufacturers willing to magnetise their floorcoverings. To fulfil the created specification it is essential that IOBAC approved contractors are trained and then "train the trainer" to facilitate geographical coverage across the UK and USA. IOBAC has currently trained the key members of staff of six of the largest retail flooring contractors in the USA which will enable these contractors, with their significant human resources available, to provide comprehensive installation services across the country.

On behalf of the Board



D F Smyth

Director

26 July 2016

# **IOBAC Limited**

## **Directors' Report**

**For the year ended 31 December 2015**

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The directors present their Directors' Report and consolidated financial statements for the year ended 31 December 2015

In accordance with S414 c(11) of the Companies Act 2006 the directors have chosen to include information about future developments and principal risks and uncertainties in the Strategic Report

The principal activity of the company continued to be the ownership and development of a patent for the development of specialist flooring solutions. The principal activity of the subsidiary undertaking, IOBAC UK Limited, is that of the development of specialist flooring solutions

### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 6

### **Post balance sheet events**

On 29 January 2016 the company issued 176,408 Ordinary shares of £1 each to Codex IP 882 Limited, a company registered in Gibraltar, at a price of £1.698 per share. Also on this date Codex IP 882 Limited provided a £1,201,000 loan facility to the company. This facility is repayable by 29 January 2019 unless extended by Codex IP 882 Limited for a further two years. Interest is due on the loan facility at 8.3% per annum to the extension date and 12% thereafter.

### **Directors**

The following directors have held office since 1 January 2015

D F Smyth  
I Spreadborough  
L Smyth

### **Auditors**

Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

### **Statement of 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group 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 group 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 the group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# !OBAC Limited

## Directors' Report (Continued)

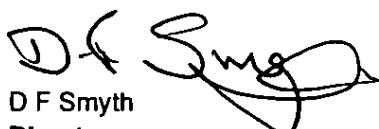
For the year ended 31 December 2015

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### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the Board



D F Smyth

**Director**

26 July 2016

## Independent Auditors' Report to the Members of IOBAC Limited

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We have audited the group and parent company financial statements (the "financial statements") of IOBAC Limited for the year ended 31 December 2015 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of the group's 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of IOBAC Limited (Continued)

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report



**Maureen Penfold (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

29 July 2016

**Chartered Accountants**  
**Statutory Auditor**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD



# IOBAC Limited

## Consolidated Profit and Loss Account For the year ended 31 December 2015

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	Notes	2015 £	2014 £
<b>Turnover</b>	<b>2</b>	-	-
Cost of sales		(12,959)	(19,679)
<b>Gross loss</b>		(12,959)	(19,679)
Administrative expenses		(625,979)	(348,167)
<b>Operating loss</b>	<b>3</b>	(638,938)	(367,846)
Interest payable and similar charges	<b>4</b>	(97,994)	(97,563)
<b>Loss on ordinary activities before taxation</b>		(736,932)	(465,409)
Tax on loss on ordinary activities	<b>5</b>	17,008	-
<b>Loss on ordinary activities after taxation</b>		(719,924)	(465,409)

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The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# !OBAC Limited

## Balance Sheets

As at 31 December 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
<b>Fixed assets</b>					
Intangible assets	7	420,624	342,653	420,624	342,653
Tangible assets	8	2,103	-	-	-
Investments	9	-	-	100	100
		<u>422,727</u>	<u>342,653</u>	<u>420,724</u>	<u>342,753</u>
<b>Current assets</b>					
Debtors	10	50,619	16,993	1,462,729	1,566,660
Cash at bank and in hand		8,531	32	32	32
		<u>59,150</u>	<u>17,025</u>	<u>1,462,761</u>	<u>1,566,692</u>
<b>Creditors: amounts falling due within one year</b>	11	(1,193,764)	(2,201,641)	(488,969)	(2,110,079)
<b>Net current liabilities</b>		<u>(1,134,614)</u>	<u>(2,184,616)</u>	<u>973,792</u>	<u>(543,387)</u>
<b>Total assets less current liabilities</b>		<u>(711,887)</u>	<u>(1,841,963)</u>	<u>1,394,516</u>	<u>(200,634)</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(1,850,000)	-	(1,850,000)	-
		<u>(2,561,887)</u>	<u>(1,841,963)</u>	<u>(455,484)</u>	<u>(200,634)</u>
<b>Capital and reserves</b>					
Called up share capital	13	400,074	400,100	400,074	400,100
Capital redemption reserve	14	26	-	26	-
Profit and loss account	14	(2,961,987)	(2,242,063)	(855,584)	(600,734)
<b>Shareholders' funds</b>	15	<u>(2,561,887)</u>	<u>(1,841,963)</u>	<u>(455,484)</u>	<u>(200,634)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015)

Approved by the Board and authorised for issue on 26 July 2016

D F Smyth  
Director

Company Registration No. FC031362

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015)

##### Going concern

At 31 December 2015 the consolidated balance sheet shows net current liabilities of £1,134,614 (2014 £2,184,616) and net liabilities of £2,561,887 (2014 £1,841,963) which may indicate that the going concern basis is inappropriate. The directors have prepared a group cash flow forecast up until 31 December 2019 which shows that the company and group will be able to meet their liabilities as they fall due for a period of no less than twelve months from the date of signing of these financial statements. The group cash flow forecast assumes significant revenue cash flows from August 2016 onwards and the directors are confident of obtaining a sufficient level of revenue cash flows on an ongoing basis. The company also raised £300,000 from a share issue in January 2016 and secured a loan facility of £1,201,000. The directors therefore consider that it is appropriate to prepare these financial statements on the going concern basis. The financial statements therefore do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. The results of the subsidiary undertaking IOBAC UK Limited are for the year ended 29 December 2015.

#### 1.4 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives which the directors consider to be 20 years.

#### 1.5 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 less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% straight line
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#### 1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

**1 Accounting policies (Continued)**

**1.8 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**2 Turnover**

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Operating loss</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging/(crediting)		
Depreciation of tangible assets	173	-
Fees payable to the group's auditor for the audit of the group's annual accounts (company £3,800, 2014 £nil)	8,700	-
(Profit)/ loss on foreign exchange transactions	(981)	315
	<u>          </u>	<u>          </u>

<b>4 Interest payable</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	10,557	-
Other interest	87,437	97,563
	<u>          </u>	<u>          </u>
	<u>97,994</u>	<u>97,563</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

**5 Taxation**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U K corporation tax	(17,008)	-
<b>Total current tax credit</b>	(17,008)	-
 <b>Deferred tax</b>		
Deferred tax charge in the current year	-	-
	(17,008)	-

IOBAC Limited is resident for taxation purposes in the United Kingdom and is therefore subject to United Kingdom corporation tax

The company has, subject to HMRC agreement, tax losses of £151,212 (2014 £110,127) to carry forward against future taxable profits. A deferred tax asset in respect of these losses has not been recognised on the grounds of uncertainty of the timing of future taxable profits.

**6 Loss for the financial year**

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Holding company's loss for the financial year	(254,850)	(141,782)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

**7 Intangible fixed assets**  
**Group and Company**

**Patents**  
**£**

**Cost**

At 1 January 2015

342,653

Additions

77,971

At 31 December 2015

420,624

**Net book value**

At 31 December 2015

420,624

At 31 December 2014

342,653

**8 Tangible fixed assets**  
**Group**

**Fixtures,  
fittings &  
equipment**  
**£**

**Cost**

At 1 January 2015

-

Additions

2,276

At 31 December 2015

2,276

**Depreciation**

At 1 January 2015

-

Charge for the year

173

At 31 December 2015

173

**Net book value**

At 31 December 2015

2,103

At 31 December 2014

-

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

**9 Fixed asset investments****Company**

	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 January 2015 & at 31 December 2015	100
<b>Net book value</b>	
At 31 December 2015	100
At 31 December 2014	100

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Class</b>	<b>Shares held %</b>
<b>Subsidiary undertakings</b>			
IOBAC UK Limited	England and Wales	Ordinary	100.00

**10 Debtors**

	<b>Group 2015 £</b>	<b>2014 £</b>	<b>Company 2015 £</b>	<b>2014 £</b>
Trade debtors	4,261	8,455	4,081	-
Amounts owed by group undertakings	-	-	1,441,431	1,566,660
Other debtors	46,358	8,538	17,217	-
	<u>50,619</u>	<u>16,993</u>	<u>1,462,729</u>	<u>1,566,660</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

**11 Creditors : amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	2,574	-	-
Trade creditors	31,015	27,002	7,400	-
Taxes and social security costs	14,006	-	-	-
Other creditors	819,365	2,143,887	161,116	2,081,901
Accruals and deferred income	329,378	28,178	320,453	28,178
	<u>1,193,764</u>	<u>2,201,641</u>	<u>488,969</u>	<u>2,110,079</u>

Other creditors includes £816,764 (2014 £2,029,001) and £2,295 (2014 £nil) due to the directors D F Smyth and I Spreadborough respectively. The balances are interest free, unsecured and repayable on demand.

**12 Creditors : amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other creditors	<u>1,850,000</u>	<u>-</u>	<u>1,850,000</u>	<u>-</u>

Other creditors represent an amount due to the director D F Smyth. The balance bears interest at 5% per annum, is unsecured and repayable by 5 April 2023.

**13 Share capital**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
400,074 (2014 400,100) Ordinary shares of £1 each	<u>400,074</u>	<u>400,100</u>

On 15 January 2015 the company purchased and cancelled 26 Ordinary shares of £1 each.

On 29 January 2016 the company issued 176,408 Ordinary shares of £1 each at £1.698 per share.



# IOBAC Limited

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

### 14 Statement of movements on reserves Group

	Capital redemption reserve	Profit and loss account
	£	£
Balance at 1 January 2015	-	(2,242,063)
Loss for the year	-	(719,924)
Shares cancelled during the year	26	-
	<u>26</u>	<u>-</u>
Balance at 31 December 2015	<u>26</u>	<u>(2,961,987)</u>

The capital redemption reserve arose on 15 January 2015 on the purchase and cancellation of 26 Ordinary shares of £1 each by the company

### Company

	Capital redemption reserve	Profit and loss account
	£	£
Balance at 1 January 2015	-	(600,734)
Loss for the year	-	(254,850)
Shares cancelled during the year	26	-
	<u>26</u>	<u>-</u>
Balance at 31 December 2015	<u>26</u>	<u>(855,584)</u>

The capital redemption reserve arose on 15 January 2015 on the purchase and cancellation of 26 Ordinary shares of £1 each by the company

# IOBAC Limited

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2015</b>	<b>2014</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Loss for the financial year	(719,924)	(465,409)
Opening shareholders' funds	(1,841,963)	(1,376,554)
Closing shareholders' funds	<u>(2,561,887)</u>	<u>(1,841,963)</u>

<b>Company</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(254,850)	(141,782)
Opening shareholders' funds	(200,634)	(58,852)
Closing shareholders' funds	<u>(455,484)</u>	<u>(200,634)</u>

## 16 Employees

<b>Employment costs</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	147,336	127,613
Social security costs	11,802	5,275
	<u>159,138</u>	<u>132,888</u>

## 17 Control

D F Smyth is regarded as the ultimate controlling party by virtue of his shareholding and his management of the company's day to day operations

## 18 Post balance sheet events

On 29 January 2016 the company issued 176,408 Ordinary shares of £1 each to Codex IP 882 Limited, a company registered in Gibraltar, at a price of £1.698 per share. Also on this date Codex IP 882 Limited provided a £1,201,000 loan facility to the company. This facility is repayable by 29 January 2019 unless extended by Codex IP 882 Limited for a further two years. Interest is due on the loan facility at 8.3% per annum to the extension date and 12% thereafter.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

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**19 Related party relationships and transactions**

**Group**

The group has taken advantage of the exemption available in FRS 8 "Related party disclosures" from the requirement to disclose transactions between group companies

**Company**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies

Interest of £87,437 (2014 £97,563) has been charged on £1,850,000 of the balance due to D F Smyth, a director. The total balance due to D F Smyth at 31 December 2015 is £2,666,764 (2014 £2,029,001) as detailed in note 6, excluding accrued loan interest of £185,000 (2014 £97,563)