

Maidsafe.net Limited

Unaudited financial statements

28 February 2019

Company number SC297540

Pages for filing with the Registrar



Directors and company information

Directors

D Irvine
DS Cosh
AF Hutchison
AJN Lavery
D Allan
D Campbell
N Burborough

Registered office

6 Forbes Drive
Heathfield Industrial Estate
Ayr
South Ayrshire
KA8 9FG

Registered number

SC297540 (Scotland)

Independent chartered accountants

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Balance sheet
as at 28 February 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	3		178,408		143,909
Investments in subsidiary	4		-		15,074,261
			<u>178,408</u>		<u>15,218,170</u>
Current assets					
Debtors	5	122,160		59,621	
Crypto currency	6	105,875		2,567,498	
Cash at bank and in hand		395,164		869,843	
		<u>623,199</u>		<u>3,496,962</u>	
Creditors: amounts falling due within one year	7	(3,780,706)		(3,386,570)	
Net current assets			<u>(3,157,507)</u>		<u>110,392</u>
Total assets less current liabilities			<u>(2,979,099)</u>		<u>15,328,562</u>
Capital and reserves					
Called up share capital	8		203		203
Share premium	9		18,598,037		18,598,037
Profit and loss account	9		(21,577,339)		(3,269,678)
Shareholders' funds			<u>(2,979,099)</u>		<u>15,328,562</u>

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 28 February 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act 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 small companies regime.

These financial statements were approved by the board of directors and authorised for issue on 9 August 2019 and are signed on its behalf by:



D Irvine
Director

Company number SC297540

Notes to the financial statements

1 Accounting policies

Company information

Maidsafe.net Limited is a private company limited by shares incorporated in Scotland. The registered office is 6 Forbes Drive, Heathfield Industrial Estate, Ayr, South Ayrshire KA8 9FG.

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 financial statements are prepared in sterling, which is the functional currency of the 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 freehold properties and to include investment properties and 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. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods or services provided in the normal course of business which will be deemed as the issue of Safecoin for use on the SAFE Network when it starts to operate. The value created through the issue of MaidSafeCoin which will be transferable to Safecoin on a one for one basis is therefore treated as deferred income until Safecoin becomes available.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Property improvements	25%
Computer equipment	25%
Computer equipment	25%
Cycle to Work	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.4 **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.

1.5 **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 **Cash at bank and in hand**

Cash at bank and in hand 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.

1.7 **Currency translation**

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

1.8 **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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.8 **Financial instruments** *(continued)*

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.

1.9 **Equity instruments**

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

1.10 **Taxation**

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

Current tax

Any tax 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 current corporation tax charge represents the R&D tax credit and is made on taxable profits/losses at prevailing corporation tax rates.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

1.11 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.

1.12 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 18 (2018: 8).

3 Tangible fixed assets

	Property Improvements £	Cycle to Work Scheme £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 March 2018	92,982	830	15,785	94,163	203,760
Additions	43,570	-	22,413	23,527	89,510
Disposals	-	-	-	(1,583)	(1,583)
At 28 February 2019	136,552	830	38,198	116,107	291,687
Depreciation					
At 1 March 2018	5,680	173	2,794	51,204	59,851
Charge for the year	32,474	208	7,317	13,792	53,791
Disposals	-	-	-	(363)	(363)
At 28 February 2019	38,154	381	10,111	64,633	113,279
Net book value					
At 28 February 2019	98,398	449	28,087	51,474	178,408
At 29 February 2018	87,302	657	12,991	42,959	143,909

Notes to the financial statements (continued)

4 Subsidiaries

	2019 £	2018 £
Investments at cost	15,074,261	15,074,261
Movement in fixed asset investment		
At start of year		15,074,261
Additions		-
Provision against investment		(15,074,261)
At end of year		-

Details of the company's subsidiary at 28 February 2019 were as follows:

Name of undertaking	Sigmoid Solutions Limited
Nature of business	Software development
Class of shares held	Ordinary
Percentage held	100%
Profit/(loss) for year	£(246)
Reserves	£(29,153)

5 Debtors: Amounts falling due within one year

	2019 £	2018 £
Trade debtors	22,866	22,550
Other debtors	99,294	37,071
	122,160	59,621

Included within other debtors are R&D recoverable £68,565 (2018: £Nil), VAT £5,154 (2018: £12,275), together with prepayments of £14,704 (2018: £18,434).

6 Crypto currency

	2019 £	2018 £
Bitcoin	105,874	2,566,792
Omnicoïn	1	706
	105,875	2,567,498

Notes to the financial statements *(continued)*

7 Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	49,482	29,134
Taxation and social security	37,200	17,545
Other creditors and accruals	22,212	91,501
Deferred income	3,671,812	3,248,390
	<u>3,780,706</u>	<u>3,386,570</u>

8 Called up share capital

	2019 £	2018 £
<i>Allotted, issued and fully paid</i>		
Number Class		
2,029,332 Ordinary shares of 0.01p each	<u>203</u>	<u>203</u>

9 Reserves

	Profit and loss account £	Share premium £	Total £
At 1 March 2018	(3,269,678)	18,598,037	15,328,359
Profit for the year	(18,307,661)	-	(18,307,661)
	<u>(21,577,339)</u>	<u>18,598,037</u>	<u>(2,979,302)</u>

10 Related party disclosures

Maidsafe.net hold 100% of Sigmoid Solutions Limited. At the year end sums due from Sigmoid Solutions Limited amounted to £22,866 (2018: £22,349). In addition, a loan of £6,362 (2018: £6,362) has been granted to the company in order to protect shared IP rights. The loan is interest free and repayable on demand. D Irvine is a director of this company.

Maidsafe.net Limited made no donations (2018: £100,025) to MaidSafe Foundation. The Foundation is a registered charity of which FR Hutchison and David Allan are trustees. The Foundation owns 22% (22%) of the issued share capital of maidsafe.net Limited.

11 Ultimate controlling party

The directors consider that there is no ultimate controlling party.