

Digital Energy Technologies Limited

Unaudited Financial Statements

For Filing with Registrar

For the year ended 31 December 2019

Company Registration No. 06848949 (England and Wales)

Digital Energy Technologies Limited

Company Information

Directors	Mr. A Kazlauskas Mr. V Grinius
Secretary	Mr. A Kazlauskas
Company number	06848949
Registered office	4 Victoria Square St Albans Hertfordshire AL1 3TF
Accountants	Moore Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF

Digital Energy Technologies Limited

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Digital Energy Technologies Limited

Balance Sheet

As at 31 December 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets			247,954		275,505
Tangible assets	4		38,735		68,092
Investments	5		4,161		4,161
			<u>290,850</u>		<u>347,758</u>
Current assets					
Debtors	7	495,987		259,043	
Cash at bank and in hand		-		70,686	
		<u>495,987</u>		<u>329,729</u>	
Creditors: amounts falling due within one year	8	<u>(1,012,124)</u>		<u>(378,655)</u>	
Net current liabilities			<u>(516,137)</u>		<u>(48,926)</u>
Total assets less current liabilities			<u>(225,287)</u>		<u>298,832</u>
Creditors: amounts falling due after more than one year	9		-		(20,118)
Provisions for liabilities			<u>(11,576)</u>		<u>(11,576)</u>
Net (liabilities)/assets			<u><u>(236,863)</u></u>		<u><u>267,138</u></u>
Capital and reserves					
Called up share capital	10		1,100		1,100
Profit and loss reserves	11		<u>(237,963)</u>		<u>266,038</u>
Total equity			<u><u>(236,863)</u></u>		<u><u>267,138</u></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 31 December 2019 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 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 the small companies' regime.

Digital Energy Technologies Limited

Balance Sheet (Continued)

As at 31 December 2019

The financial statements were approved by the board of directors and authorised for issue on 4 May 2020 and are signed on its behalf by:

Mr. A Kazlauskas
Director

Mr. V Grinius
Director

Company Registration No. 06848949

Digital Energy Technologies Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies

Company information

Digital Energy Technologies Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4 Victoria Square, St Albans, Hertfordshire, AL1 3TF.

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 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 pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Digital Energy Technologies Limited and the group headed by it, qualify as small as set out in section 383 of the Act and the group is not ineligible as set out in section 384 of the Act.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

IP addresses	10 years straight line
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Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Amortisation commences in the year after acquisition.

There are five Regional Internet Registries ("RIRs") which have regional responsibility for the distribution of all internet number resources worldwide, including, in the case of the Digital Energy Technologies Limited and its subsidiaries ("The Group"), Internet Protocol ("IP") addresses. The Group, through individual companies, has membership of all five RIRs. The Group's operating model involves applying for and receiving allocations of IP addresses from the RIRs, which are then monetised by leasing the IP addresses to the Group's significant and growing global customer base.

At 31 December 2019, the Group has accumulated a pool of some 511,000 "IPv4" IP addresses. The costs of membership to the RIRs, which are calculated by reference to the number of IP addresses issued, are expensed over the years of membership. These IP addresses are a scarce resource and have significant enduring value that is not fully recognised as an asset in the balance sheet. IP addresses can be sold and currently trade at values ranging from US\$20 to US\$25 each. At the lowest of these values, the total value of IP addresses owned by the Group at 31 December 2019 was US\$10.2m.

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:

Computer equipment	3 years straight line
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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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 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.

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.

1.8 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.

Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 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.

1.11 Employee benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

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 average monthly rate, deemed to be the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 9 (December 2018: 9)

3 Intangible fixed assets

	IP addresses £
Cost	
At 1 January 2019 and 31 December 2019	275,505
Amortisation and impairment	
At 1 January 2019	-
Amortisation charged for the year	27,551
At 31 December 2019	27,551
Carrying amount	
At 31 December 2019	247,954
At 31 December 2018	275,505

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2019	114,014
Additions	12,107
At 31 December 2019	126,121
Depreciation and impairment	
At 1 January 2019	45,922
Depreciation charged in the year	41,464
At 31 December 2019	87,386
Carrying amount	
At 31 December 2019	38,735
At 31 December 2018	68,092

Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

5 Fixed asset investments

	2019 £	2018 £
Investments	4,161	4,161

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2019 & 31 December 2019	4,161
Carrying amount	
At 31 December 2019	4,161
At 31 December 2018	4,161

6 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
Delta Centric LLC	U.S.A.	IT and Web Hosting Services	Ordinary	100.00	
DET Africa (Pty) LTD.	South Africa	IT and Web Hosting Services	Ordinary	100.00	
Digital Energy Technologies Chile SpA	Chile	IT and Web Hosting Services	Ordinary	100.00	
Netstack Limited	Mauritius	IT and Web Hosting Services	Ordinary	-	100.00
UAB Source Bridge	Lithuania	IT and Web Hosting Services	Ordinary	100.00	

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

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Delta Centric LLC	3,571	22,445
DET Africa (Pty) LTD.	1,869	3,029
Digital Energy Technologies Chile SpA	23,583	1,260
Netstack Limited	(11,363)	2,004
UAB Source Bridge	9,078	12,224

Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

6 Subsidiaries

(Continued)

The latest financial statements of each subsidiary were prepared to 31 December 2019.

7 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Corporation tax recoverable	292,028	132,795
Amounts due from group undertakings and undertakings in which the company has a participating interest	79,443	66,218
Other debtors	124,516	60,030
	<u>495,987</u>	<u>259,043</u>

8 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	67,856	25,000
Trade creditors	663,621	78,101
Amounts due to group undertakings	61,383	8,562
Other taxation and social security	3,058	3,244
Other creditors	216,206	263,748
	<u>1,012,124</u>	<u>378,655</u>

Bank loans and overdrafts are secured by a fixed and floating charge over all assets of the company.

9 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	-	16,667
Other creditors	-	3,451
	<u>-</u>	<u>20,118</u>

Digital Energy Technologies Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

10 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
97,900 Ordinary class A shares of 1p each	979	979
9,900 Ordinary class B shares of 1p each	99	99
2,200 Ordinary class C shares of 1p each	22	22
	<u>1,100</u>	<u>1,100</u>

11 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	266,038	129,481
(Loss)/profit for the year	<u>(504,001)</u>	<u>136,557</u>
At the end of the year	<u>(237,963)</u>	<u>266,038</u>

12 Operating lease commitments

Lessee

Operating leases are leases of IT equipment from third parties with a 3 year term. The total annual charge is £4,684.

13 Related party transactions

At the period end Digital Energy Technologies Limited had £Nil due to directors (2018: £1,042).

At the period end Digital Energy Technologies Limited had £32,122 (2018: £19,466) due from key management personnel.

The company has taken the exemption available under FRS 102 Section 1A whereby it has not disclosed transactions with any wholly owned subsidiary undertaking in the group.

14 Ultimate controlling party

In the view of the directors, there is no ultimate controlling party.

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.