Registered number: 07827728

ARMOR DEFENSE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

ARMOR DEFENSE LIMITED
CONTENTS

ARMOR DEFENSE LIMITED

COMPANY INFORMATION

Directors	C L Drake D Hawkins C Schulz
Company secretaries	D Hawkins Taylor Wessing Secretaries Limited
Registered number	07827728
Registered office	5 New Street Square London EC4A 3TW
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

REGISTERED NUMBER:07827728

ARMOR DEFENSE LIMITED

BALANCE SHEET
AS AT 31 JANUARY 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	4		**290,069**		429,339
Current assets					
Debtors: amounts falling due within one year	5	**277,160**		359,498	
Cash at bank and in hand		**304,463**		898,399	
		581,623		1,257,897	
Creditors: amounts falling due within one year	6	**(407,408)**		(463,135)	
Net current assets			**174,215**		794,762
Total assets less current liabilities			**464,284**		1,224,101
Creditors: amounts falling due after more than one year	7		**(9,561,342)**		(8,706,061)
Net liabilities			**(9,097,058)**		(7,481,960)
Capital and reserves					
Called up share capital	9		**6,001,000**		6,001,000
Profit and loss account			**(15,098,058)**		(13,482,960)
Total deficit			**(9,097,058)**		(7,481,960)

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 were approved and authorised for issue by the board and were signed on its behalf by:

D Hawkins
Director

Date: 2-Dec-2021

The notes on pages 3 to 13 form part of these financial statements.

1. General information

Armor Defense Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is 5 New Street Square, London, EC4A 3TW.

The previous financial statements were prepared for the 13 month period from 1 January 2018 to 31 January 2019. Therefore, the comparative figures are not entirely comparable.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the company has a deficiency of shareholder's funds of £9,097,058 at the end of the period and has made a loss for the financial period of £1,615,098. The company is, therefore, reliant on the continued financial support of its parent undertaking, Armor Defense Inc..

The directors have made enquiries as to the financial position and performance of its parent company. The parent company has incurred losses since its inception and management expects operating losses and negative cash flows to continue for the foreseeable future and, as a result, the parent company will require additional capital to fund its operations and execute its business plan.

The parent company's cash and cash equivalents may not be sufficient to cover its planned operations for a period of 12 months from the date of approval of these financial statements.

The parent company may not be able to secure additional funding, whether through additional equity or debt instruments or other means. The parent company's ability to raise additional capital, should the parent company choose to do so, is dependent on a number of factors, including uncertainty as to whether the parent company would be able to raise such additional capital at a price or on terms that are favourable to the parent company. Should the parent company not be able to secure additional funding through these means, the parent company may be required to take steps to reduce certain expenditures. These actions may have a material adverse impact on the parent company's ability to achieve certain of its planned objectives.

As the going concern status of this company is intertwined with that of its parent company, the directors are of the opinion that the matters described above are material uncertainties related to events or conditions that may cast significant doubt upon the company's ability to continue to adopt the going concern basis of accounting.

However, the directors have made enquiries with the management of the parent company who, in turn, expect that cash sources outside the parent company's direct control will indeed be available within the next twelve months enabling it to provide the required financial support to the company for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

2. Accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering 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.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 33%
Fixtures & fittings	- 14%
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Share capital

Ordinary shares are classified as equity.

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is 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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period with a corresponding credit recognised in equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received.

2.11 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Interest receivable and similar income

Interest income is recognised in the profit and loss account using the effective interest method.

2.14 Interest payable and similar charges

Finance costs are charged to profit or loss 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Commissions

Commissions paid to individuals in respect of sales contracts are recognised over the anticipated lifetime of the sales contract.

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income 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 balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 12 (2019 - 12).

4. Tangible fixed assets

	Land and buildings £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 February 2019	46,497	2,419,000	2,465,497
Additions	-	71,903	71,903
Disposals	(7,070)	(17,859)	(24,929)
At 31 January 2020	39,427	2,473,044	2,512,471
Depreciation			
At 1 February 2019	46,497	1,989,661	2,036,158
Charge for the year on owned assets	-	45,436	45,436
Charge for the year on financed assets	-	165,737	165,737
Disposals	(7,070)	(17,859)	(24,929)
At 31 January 2020	39,427	2,182,975	2,222,402
Net book value			
At 31 January 2020	-	290,069	290,069
At 31 January 2019	-	429,339	429,339

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Computer equipment	218,269	384,006

5. Debtors

	2020	2019
	£	£
Trade debtors	**135,737**	162,916
Other debtors	**26,668**	26,983
Prepayments and accrued income	**114,755**	169,599
	277,160	359,498

Within prepayments and accrued income there are amounts relating to deferred commissions owed after more than one year of £5,193 (2019: £20,769).

6. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	**85,431**	89,514
Other taxation and social security	**75,418**	91,305
Net obligations under finance leases and hire purchase contracts (note 8)	**151,171**	184,035
Other creditors	**36,762**	28,525
Accruals and deferred income	**58,626**	69,756
	407,408	463,135

7. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Net obligations under finance leases and hire purchase contracts (note 8)	**107,817**	259,863
Amounts owed to group undertakings	**9,453,525**	8,446,198
	9,561,342	8,706,061

Amounts owed to group companies bear interest at a rate of 5% per annum, are unsecured and are payable in more than one year. The group interest expense for the year was £495,779 (2019 - £482,047).

8. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	**151,171**	184,035
Between 1-5 years	**107,817**	259,863
	258,988	443,898

Hire purchase and finance leases are secured against computer equipment.

9. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
6,001,000 (2019 - 6,001,000) Ordinary shares of £1 each	**6,001,000**	6,001,000

10. Cross guarantee

The assets of the company are secured by way of a fixed and floating charges, in respect of a debt owed by the parent company to its bankers.

11. Commitments under operating leases

At 31 January 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	**7,606**	33,450
Later than 1 year and not later than 5 years	**-**	7,606
	7,606	41,056

12. Parent undertaking

The smallest group for which consolidated financial statements are drawn up is headed by Armor Defense Inc., whose registered office is 2360 Campbell Creek Blvd, Suite 525, Richardson, Texas, 75082, USA. Consolidated financial statements are prepared but are not publicly available.

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

14. Auditor's information

The auditor's report on the company's full financial statements which was unqualified, drew attention to the material uncertainty as described below. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by Christopher Shepherd (senior statutory auditor).

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the company has a significant deficiency in shareholders' funds, has made a loss for the year and is reliant on its parent undertaking for continued financial support which itself may not have sufficient cash reserves to continue to settle its liabilities for a period of twelve months from the date of approval of these financial statements. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, 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.