

SMARTPIPE HOLDINGS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

SMARTPIPE HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	-	165
Investments	5	101	1,347
		<u>101</u>	<u>1,512</u>
Current assets			
Debtors: amounts falling due within one year	6	314,696	140,331
Cash at bank and in hand	7	1,699	519,680
		<u>316,395</u>	<u>660,011</u>
Creditors: amounts falling due within one year	8	(323,109)	(276,037)
Net current (liabilities)/assets		(6,714)	383,974
		<u>(6,613)</u>	<u>385,486</u>
Net (liabilities)/assets			
Capital and reserves			
Called up share capital	10	49,643	49,592
Share premium account		14,621,469	14,620,491
Capital redemption reserve		2,102	2,102
Other reserves		-	4,735,000
Profit and loss account		(14,679,827)	(19,021,699)
Total equity		(6,613)	385,486

SMARTPIPE HOLDINGS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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:

.....
G D Fink

Director

Date: 28 September 2020

The notes on pages 4 to 12 form part of these financial statements.

SMARTPIPE HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018 (as previously stated)	51,694	14,620,491	-	-	(3,028,493)	11,643,692
Prior year adjustment	-	-	-	-	11,841,152	11,841,152
At 1 January 2018 (as restated)	51,694	14,620,491	-	-	14,869,645	(197,460)
Loss for the year	-	-	-	-	(4,152,054)	(4,152,054)
Purchase of own shares	-	-	2,102	-	-	2,102
Shares cancelled during the year	(2,102)	-	-	-	-	(2,102)
Issue of convertible loan notes	-	-	-	4,735,000	-	4,735,000
At 1 January 2019	49,592	14,620,491	2,102	4,735,000	19,021,699	385,486
Profit for the year	-	-	-	-	4,341,872	4,341,872
Shares issued during the year	51	978	-	-	-	1,029
Issue of convertible loan notes	-	-	-	551,473	-	551,473
Cancellation of convertible loan notes	-	-	-	(5,286,473)	-	(5,286,473)
At 31 December 2019	49,643	14,621,469	2,102	-	14,679,827	(6,613)

The notes on pages 4 to 12 form part of these financial statements.

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Smartpipe Holdings Limited is a private company limited by shares and registered in England and Wales. The company's registered number is 08722684 and the company's registered office is 7-10 Chandos Street, London, W1G 9DQ.

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 Exemption from preparing consolidated financial statements

The company, and the group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the company has a deficiency on shareholders' funds at the end of the year. The directors consider this basis to be appropriate as the company has sufficient facilities available from its shareholder to fund its working capital requirements for a period of at least twelve months from the date these financial statements were approved.

2.4 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.5 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.

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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:

Fixtures and fittings	-
	3 years
Office equipment	-
	3 years
Computer equipment	-
	3 years

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 the profit and loss account.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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 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 component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. The fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument without equity features. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised in equity and not subsequently remeasured.

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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, cash and bank balances, intercompany working capital balances, and intercompany financing 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, 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 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.

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.

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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.

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Employees

The average monthly number of employees, including directors, during the year was 8 (2018 - 6).

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2019	211,180	2,206	2,578	215,964
At 31 December 2019	211,180	2,206	2,578	215,964
Depreciation				
At 1 January 2019	211,015	2,206	2,578	215,799
Charge for the year on owned assets	165	-	-	165
At 31 December 2019	211,180	2,206	2,578	215,964
Net book value				
At 31 December 2019	-	-	-	-
At 31 December 2018	165	-	-	165

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	104,433
Disposals	(2)
At 31 December 2019	104,431
Impairment	
At 1 January 2019	103,086
Charge for the period	1,244
At 31 December 2019	104,330
Net book value	
At 31 December 2019	101
At 31 December 2018	1,347

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Smartpipe Trustees Limited	England & Wales	Dormant		100
5th Tier Limited	England & Wales	Intellectual property holding and development	Ordinary	%
5th Tier Technologies Limited	England & Wales	Dormant	Ordinary	100
Smartpipe Solutions India Private Limited	India	Non trading	Ordinary	%
Smartpipe Solutions RUS	Russia	Non trading	Ordinary	100
			Ordinary	%

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Smartpipe Trustees Limited	100	-
5th Tier Limited	(27,433)	(20,600)
5th Tier Technologies Limited*	1	-
Smartpipe Solutions India Private Limited	18,651	-
Smartpipe Solutions RUS	1,322	-

*5th Tier Technologies Limited is indirect subsidiary of Smartpipe Holdings Limited.

6. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	269,907	-
Other debtors	44,789	128,105
Prepayments and accrued income	-	12,226
	<u>314,696</u>	<u>140,331</u>

7. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,699</u>	<u>519,680</u>

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	216,627	240,517
Amounts owed to group undertakings	9,900	-
Other taxation and social security	1,487	-
Other creditors	1	-
Accruals and deferred income	95,094	35,520
	<u>323,109</u>	<u>276,037</u>

9. Financial instruments

The company has entered into non-basic financial instruments in the year ended 31 December 2018. The convertible loan notes brought forward balance was £4,735,000 and the company issued a further £551,473 in the year ended 31 December 2019 which have been split into elements of equity and liability. As these loan notes do not attract any interest, the full balance has been classified as an equity instrument.

On 30 August 2019 the group underwent a re-organisation and the convertible loan notes were cancelled in consideration for shares issued in Novatiq Limited, a new group company.

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
15,709,557 (2018 - 15,710,000) A1 Preferred shares of £0.001 each	15,710	15,710
11,128,106 (2018 - 11,128,000) A2 Preferred shares of £0.001 each	11,128	11,128
22,805,000 (2018 - 22,754,000) Ordinary shares of £0.001 each	22,805	22,754
	<u>49,643</u>	<u>49,592</u>

On 28 February 2019 the company issued 51,425 Ordinary £0.001 shares at £0.02, the allotment was fully paid up.

SMARTPIPE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve arising from the redemption or purchase of a company's own shares.

Other reserves

In the previous year other reserves are made up of the equity element of convertible loan note instruments issued by the company.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

12. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	54,698	54,698
Later than 1 year and not later than 5 years	45,706	100,404
	<u>100,404</u>	<u>155,102</u>

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.

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.