

SMARTPIPE HOLDINGS LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

**SMARTPIPE HOLDINGS LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2018**

|  | Note | 2018<br>£             | As restated<br>2017<br>£ |
|--|------|-----------------------|--------------------------|
| <b>Fixed assets</b>                            |      |                       |                          |
| Tangible assets                                | 4    | 165                   | 45,401                   |
| Investments                                    | 5    | 1,347                 | 104,435                  |
|  |      | <u>1,512</u>          | <u>149,836</u>           |
| <b>Current assets</b>                          |      |                       |                          |
| Debtors: amounts falling due within one year   | 6    | 140,331               | 232,965                  |
| Cash at bank and in hand                       | 7    | 519,680               | 196,652                  |
|  |      | <u>660,011</u>        | <u>429,617</u>           |
| Creditors: amounts falling due within one year | 8    | (276,037)             | (776,913)                |
| <b>Net current assets/(liabilities)</b>        |      | <u>383,974</u>        | <u>(347,296)</u>         |
| <b>Total assets less current liabilities</b>   |      | <u>385,486</u>        | <u>(197,460)</u>         |
| <b>Net assets/(liabilities)</b>                |      | <u><u>385,486</u></u> | <u><u>(197,460)</u></u>  |
| <b>Capital and reserves</b>                    |      |                       |                          |
| Called up share capital                        | 10   | 49,592                | 51,694                   |
| Share premium account                          |      | 14,620,491            | 14,620,491               |
| Capital redemption reserve                     |      | 2,102                 | -                        |
| Other reserves                                 |      | 4,735,000             | -                        |
| Profit and loss account                        |      | (19,021,699)          | (14,869,645)             |
| <b>Total equity</b>                            |      | <u><u>385,486</u></u> | <u><u>(197,460)</u></u>  |

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 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 statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

**SMARTPIPE HOLDINGS LIMITED**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

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

.....  
**F R Park**  
Director

Date: 22 May 2019

# SMARTPIPE HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

|   | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Capital<br>redemption<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>equity<br>£ |
|---|------------------------------------|----------------------------------|---------------------------------------|------------------------|------------------------------------|----------------------|
| <b>At 1 January 2017</b>                        | 47,740                             | 11,731,945                       | -                                     | -                      | (1,708,859)                        | 10,070,826           |
| Loss for the year                               | -                                  | -                                | -                                     | -                      | 13,160,786                         | 13,160,786           |
| Shares issued during the year                   | 3,954                              | 2,888,546                        | -                                     | -                      | -                                  | 2,892,500            |
| <b>At 1 January 2018 (as previously stated)</b> | 51,694                             | 14,620,491                       | -                                     | -                      | (3,028,493)                        | 11,643,692           |
| Prior year adjustment                           | -                                  | -                                | -                                     | -                      | 11,841,152                         | 11,841,152           |
| <b>At 1 January 2018 (as restated)</b>          | 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            |
| <b>At 31 December 2018</b>                      | 49,592                             | 14,620,491                       | 2,102                                 | 4,735,000              | 19,021,699                         | 385,486              |

The notes on pages 4 to 13 form part of these financial statements.

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 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

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### 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 the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

#### 2.5 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.

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 2. Accounting policies (continued)

#### 2.6 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.

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 statement of comprehensive income.

#### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.8 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.

#### 2.9 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 2018

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### 2. Accounting policies (continued)

#### 2.9 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 2018

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### 2. Accounting policies (continued)

#### 2.9 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.

#### 2.10 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 6 (2017 - 6).



# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 4. Tangible fixed assets

|                                     | Fixtures and<br>fittings<br>£ | Office<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|-------------------------------------|-------------------------------|--------------------------|----------------------------|------------|
| <b>Cost or valuation</b>            |                               |                          |                            |            |
| At 1 January 2018                   | 211,180                       | 2,206                    | 2,578                      | 215,964    |
| At 31 December 2018                 | 211,180                       | 2,206                    | 2,578                      | 215,964    |
| <b>Depreciation</b>                 |                               |                          |                            |            |
| At 1 January 2018                   | 166,234                       | 2,206                    | 2,123                      | 170,563    |
| Charge for the year on owned assets | 44,781                        | -                        | 455                        | 45,236     |
| At 31 December 2018                 | 211,015                       | 2,206                    | 2,578                      | 215,799    |
| <b>Net book value</b>               |                               |                          |                            |            |
| At 31 December 2018                 | 165                           | -                        | -                          | 165        |
| At 31 December 2017                 | 44,946                        | -                        | 455                        | 45,401     |

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 5. Fixed asset investments

|                          | Investments in subsidiary companies<br>£ |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 January 2018        | 615,252                                  |
| Disposals                | (510,819)                                |
| At 31 December 2018      | 104,433                                  |
| <b>Impairment</b>        |  |
| At 1 January 2018        | 510,817                                  |
| Charge for the period    | 103,086                                  |
| Impairment on disposals  | (510,817)                                |
| At 31 December 2018      | 103,086                                  |
| <b>Net book value</b>    |  |
| At 31 December 2018      | 1,347                                    |
| At 31 December 2017      | 104,435                                  |

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name                                      | Country of incorporation | Class of shares | Holding | Principal activity                                       |
|---|--------------------------|-----------------|---------|--|
| Smartpipe Solutions Limited               | England & Wales          | Ordinary        | 100 %   | Providing network consumer profile management technology |
| Smartpipe Technologies Limited            | England & Wales          | Ordinary        | 100 %   | Intellectual property holding and development            |
| Smartpipe Trustees Limited                | England & Wales          | Ordinary        | 100 %   | Dormant  |
| 5th Tier Limited                          | England & Wales          | Ordinary        | 100 %   | Intellectual property holding and development            |
| 5th Tier Technologies Limited*            | England & Wales          | Ordinary        | 100 %   | Dormant  |
| Smartpipe Solutions India Private Limited | India                    | Ordinary        | 100 %   | Providing network consumer profile management technology |
| Smartpipe Solutions RUS                   | Russia                   | Ordinary        | 100 %   | Providing network consumer profile management technology |

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 5. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

|   | Aggregate of<br>share capital<br>and reserves<br>£ | Profit/(loss)<br>£ |
|---|--|--------------------|
| Smartpipe Solutions Limited               | (8,788,925)  | (1,760,923)        |
| Smartpipe Technologies Limited            | (6,271,450)  | (1,731,296)        |
| Smartpipe Trustees Limited                | 100  | -                  |
| 5th Tier Limited                          | (6,833)  | (1,423,668)        |
| 5th Tier Technologies Limited*            | 1  | -                  |
| Smartpipe Solutions India Private Limited | 18,651   | 1,959              |
| Smartpipe Solutions RUS                   | 1,322  | (3,773)            |
|   | <u>(15,047,134)</u>                                | <u>(4,917,701)</u> |

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

### 6. Debtors

|                                | 2018<br>£      | As restated<br>2017<br>£ |
|--------------------------------|----------------|--------------------------|
| Other debtors                  | 128,105        | 182,085                  |
| Prepayments and accrued income | 12,226         | 50,880                   |
|                                | <u>140,331</u> | <u>232,965</u>           |

### 7. Cash and cash equivalents

|                          | 2018<br>£      | 2017<br>£      |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | <u>519,680</u> | <u>196,652</u> |

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 8. Creditors: Amounts falling due within one year

|                              | 2018<br>£      | 2017<br>£      |
|------------------------------|----------------|----------------|
| Other loans                  | -              | 500,000        |
| Trade creditors              | 240,517        | 265,866        |
| Other creditors              | -              | 103            |
| Accruals and deferred income | 35,520         | 10,944         |
|                              | <u>276,037</u> | <u>776,913</u> |

### 9. Financial instruments

The company has entered into non-basic financial instruments in the year. The convertible loan notes issued in the period of £4,735,000 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.

### 10. Share capital

|   | 2018<br>£     | 2017<br>£     |
|---|---------------|---------------|
| <b>Allotted, called up and fully paid</b>                         |               |               |
| 15,709,557 (2017 - 1,579,557) A1 Preferred shares of £0.001 each  | 15,710        | 15,710        |
| 11,128,106 (2017 - 11,128,106) A2 Preferred shares of £0.001 each | 11,128        | 11,128        |
| 22,754,280 (2017 - 24,855,820) Ordinary shares of £0.001 each     | 22,754        | 24,856        |
|   | <u>49,592</u> | <u>51,694</u> |

On 21 March 2018 there was a share buyback of 2,101,540 Ordinary shares of £0.001 which were then cancelled.

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 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

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. Prior year adjustment

As at 31 December 2018 Smartpipe Holding Limited was owed £15,220,477 by group companies. As these companies had net liabilities a provision has been made against these balances in the current year. Due to the amounts involved a prior period adjustment has been made to also fully provide against those balances in existence as at 31 December 2017. The effect of this adjustment is to reduce shareholders funds by £11,841,152 as at 1 January 2018.

### 13. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2018<br>£      | 2017<br>£      |
|--|----------------|----------------|
| Not later than 1 year                        | 54,698         | 54,698         |
| Later than 1 year and not later than 5 years | 100,404        | 155,102        |
|  | <u>155,102</u> | <u>209,800</u> |

### 14. 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.

# SMARTPIPE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 15. Post balance sheet events

Following the balance sheet date Smartpipe Holdings Limited has agreed to sell 5th Tier Limited and 5th Tier Technologies Limited.

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