

# Safetonet Limited

Annual Report and Unaudited Consolidated Financial Statements  
for the Year Ended 31 October 2019

# Safetonet Limited

(Registration number: 08733316)  
**Consolidated Balance Sheet as at 31 October 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	<u>3</u>	698,271	823,275
Tangible assets	<u>4</u>	47,189	67,791
		<u>745,460</u>	<u>891,066</u>
<b>Current assets</b>			
Debtors	<u>6</u>	866,247	682,253
Cash at bank and in hand		2,224,490	3,105,450
		3,090,737	3,787,703
<b>Creditors: Amounts falling due within one year</b>	<u>8</u>	<u>(464,559)</u>	<u>(598,153)</u>
<b>Net current assets</b>		<u>2,626,178</u>	<u>3,189,550</u>
<b>Total assets less current liabilities</b>		3,371,638	4,080,616
<b>Creditors: Amounts falling due after more than one year</b>	<u>8</u>	<u>(294,186)</u>	<u>(532,783)</u>
<b>Net assets</b>		<u>3,077,452</u>	<u>3,547,833</u>
<b>Capital and reserves</b>			
Called up share capital	<u>9</u>	20,606	18,199
Share premium reserve		18,342,925	12,212,837
Other reserves		2,223,863	2,253,779
Profit and loss account		<u>(17,509,942)</u>	<u>(10,936,982)</u>
Equity attributable to owners of the company		<u>3,077,452</u>	<u>3,547,833</u>
Total equity		<u>3,077,452</u>	<u>3,547,833</u>

The notes on pages 5 to 14 form an integral part of these financial statements.

# Safetonet Limited

## (Registration number: 08733316) Consolidated Balance Sheet as at 31 October 2019

For the financial year ending 31 October 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 19 December 2019 and signed on its behalf by:

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R M Pursey  
Director

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# Safetonet Limited

(Registration number: 08733316)  
Balance Sheet as at 31 October 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	<u>4</u>	39,294	55,549
Investments	<u>5</u>	327,708	327,775
		<u>367,002</u>	<u>383,324</u>
<b>Current assets</b>			
Debtors	<u>6</u>	813,845	661,917
Cash at bank and in hand		2,182,738	3,031,007
		2,996,583	3,692,924
<b>Creditors: Amounts falling due within one year</b>	<u>8</u>	<u>(531,737)</u>	<u>(566,982)</u>
<b>Net current assets</b>		<u>2,464,846</u>	<u>3,125,942</u>
<b>Total assets less current liabilities</b>		2,831,848	3,509,266
<b>Creditors: Amounts falling due after more than one year</b>	<u>8</u>	<u>-</u>	<u>(241,505)</u>
<b>Net assets</b>		<u>2,831,848</u>	<u>3,267,761</u>
<b>Capital and reserves</b>			
Called up share capital	<u>9</u>	20,606	18,199
Share premium reserve		18,342,925	12,212,837
Other reserves		2,223,863	2,253,779
Profit and loss account		<u>(17,755,546)</u>	<u>(11,217,054)</u>
<b>Total equity</b>		<u>2,831,848</u>	<u>3,267,761</u>

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# Safetonet Limited

## (Registration number: 08733316) Balance Sheet as at 31 October 2019

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# Safetonet Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019

### 1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

6th Floor  
8 Kean Street  
London  
WC2B 4AS  
United Kingdom

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Presentational currency is sterling, £, and the financial statements are in round pounds except for some notes which are in greater detail.

#### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2019.

# Safetonet Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

### Going concern

The financial statements have been prepared on a going concern basis. The group is reliant on external investors providing additional funds in order to continue. Without such funding the group would not be able to continue operating as a going concern. The directors are confident that funds will be forthcoming and enable the group to continue operating through to profitability. On that basis the financial statements have been prepared on a going concern basis.

### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

### Tax

The tax expense for the period comprises current tax payable.

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

### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

# Safetonet Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	33% straight line basis

### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 7 years

### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Debtors

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

### Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

### Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

# Safetonet Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019

### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### **Share based payments**

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The average number of persons employed by the group (including directors) during the year, was 43 (2018 - 31).

## Safetonet Limited

### Notes to the Financial Statements for the Year Ended 31 October 2019

#### 3 Intangible assets

##### Group

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 November 2018	<u>875,381</u>	<u>875,381</u>
At 31 October 2019	<u>875,381</u>	<u>875,381</u>
<b>Amortisation</b>		
At 1 November 2018	52,106	52,106
Amortisation charge	<u>125,004</u>	<u>125,004</u>
At 31 October 2019	<u>177,110</u>	<u>177,110</u>
<b>Carrying amount</b>		
At 31 October 2019	<u><u>698,271</u></u>	<u><u>698,271</u></u>
At 31 October 2018	<u><u>823,275</u></u>	<u><u>823,275</u></u>

## Safetonet Limited

### Notes to the Financial Statements for the Year Ended 31 October 2019

#### 4 Tangible assets

##### Group

	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 November 2018	93,773	93,773
Additions	8,333	8,333
Foreign exchange movements	(430)	(430)
	101,676	101,676
<b>Depreciation</b>		
At 1 November 2018	25,982	25,982
Charge for the year	28,710	28,710
Foreign exchange movements	(205)	(205)
	54,487	54,487
<b>Carrying amount</b>		
At 31 October 2019	47,189	47,189
At 31 October 2018	67,791	67,791

## Safetonet Limited

### Notes to the Financial Statements for the Year Ended 31 October 2019

#### Company

	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>		
At 1 November 2018	77,113	77,113
Additions	7,700	7,700
	84,813	84,813
At 31 October 2019		
<b>Depreciation</b>		
At 1 November 2018	21,564	21,564
Charge for the year	23,955	23,955
	45,519	45,519
At 31 October 2019		
<b>Carrying amount</b>		
At 31 October 2019	39,294	39,294
At 31 October 2018	55,549	55,549

#### 5 Investments

##### Company

	2019 £	2018 £
Investments in subsidiaries	327,708	327,775
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 1 November 2018		327,775
Additions		8
Disposals		(75)
		327,708
At 31 October 2019		
<b>Provision</b>		
<b>Carrying amount</b>		
At 31 October 2019		327,708
At 31 October 2018		327,775

## Safetonet Limited

### Notes to the Financial Statements for the Year Ended 31 October 2019

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
<b>Subsidiary undertakings</b>				
Safetonet Deutschland GmbH	Hohenzollernring 72, 50672 Köln, Germany.	Ordinary share	100%	100%
Avanatta Limited	2 Old Bath Road, Newbury, Berkshire, England, RG14 1QL	Ordinary shares	100%	100%
Safetonet UK Limited	2 Old Bath Road, Newbury, Berkshire, England, RG14 1QL	Ordinary shares	100%	100%
Safetonet NA Holdings Inc	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	Common shares	100%	100%
VISR Inc	51 Breithaupt Street, Kitchener, Ontario N2H 5G5 Canada	Common shares and class seed preferred shares	100%	100%
Safetonet US Inc	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA USA	Common stock	100%	0%

The principal activity of all subsidiary undertakings is keeping children safe online.

Safetonet US Inc was incorporated on 30 January 2019 and all the share capital owned by Safetonet Limited from incorporation and so there are no comparatives.

The following subsidiary undertakings have been excluded from the consolidation under Section 405 of the Companies Act as the companies did not trade in the financial year:

	Proportion of ordinary share capital held		Profit for the year	Capital and reserves
	2019	2018	2019	2019
	%	%	£	£
Safetonet UK Limited	100	100	-	1,000
Avanatta Limited	100	100	-	100

## Safetonet Limited

### Notes to the Financial Statements for the Year Ended 31 October 2019

#### 6 Debtors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Other debtors		31,148	67,209	28,815	50,207
Prepayments		225,949	200,749	216,484	197,415
Income tax asset		609,150	414,295	568,546	414,295
		<u>866,247</u>	<u>682,253</u>	<u>813,845</u>	<u>661,917</u>

#### 7 Cash and cash equivalents

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Cash at bank		<u>2,224,490</u>	<u>3,105,450</u>	<u>2,182,738</u>	<u>3,031,007</u>

#### 8 Creditors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
<b>Due within one year</b>					
Loans and borrowings	<u>10</u>	11,770	80,004	11,770	80,004
Creditors		175,468	246,118	150,768	239,273
Amounts due to related parties		-	-	121,646	-
Social security and other taxes		89,061	116,048	82,794	98,418
Other payables		50,008	2,766	50,008	-
Accruals		138,252	153,217	114,751	149,287
		<u>464,559</u>	<u>598,153</u>	<u>531,737</u>	<u>566,982</u>
<b>Due after one year</b>					
Loans and borrowings	<u>10</u>	<u>294,186</u>	<u>532,783</u>	-	<u>241,505</u>

#### 9 Share capital

##### Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary A Class of £0.0005 each	41,212,939	20,606.47	36,398,791	18,199.40

##### New shares allotted

During the year 4,814,148 Ordinary A Class having an aggregate nominal value of £2,407 were allotted for an aggregate consideration of £6,737,400. The allotments were undertaken for the purpose of funding the group's software development and covering administration costs.

## Safetonet Limited

### Notes to the Financial Statements for the Year Ended 31 October 2019

#### 10 Loans and borrowings

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
<b>Non-current loans and borrowings</b>				
Other borrowings	294,186	532,783	-	241,505

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
<b>Current loans and borrowings</b>				
Other borrowings	11,770	80,004	11,770	80,004

#### 11 Financial commitments, guarantees and contingencies

##### Group

The total amount of financial commitments not included in the balance sheet is £654,317 (2018 - £104,852). Financial commitments relate to non-cancellable operating lease commitment of property.

In addition the group had operational expenditure commitments of €120,000 at the balance sheet date.

##### Company

The total amount of financial commitments not included in the balance sheet is £360,000 (2018 - £103,235).

Financial commitments relate to non-cancellable operating lease commitment of property.

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.