

Registration number: 06034919

Push Technology Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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Push Technology Limited

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Push Technology Limited

Company Information

Directors S Bowen
Major Gen. P Gilchrist CB
A Stafford-Deitsch
A Chankhunthod
S Lewis
D Roberson

Registered office 110 High Street
Maidenhead
Berkshire
SL6 1PT

Auditors Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Push Technology Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Push Technology Limited
(Registration number: 06034919)
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	47,933	70,124
Investments	9	<u>63</u>	<u>63</u>
		<u>47,996</u>	<u>70,187</u>
Current assets			
Debtors	10	558,005	903,854
Cash at bank and in hand		<u>533,750</u>	<u>610,444</u>
		1,091,755	1,514,298
Creditors: Amounts falling due within one year	11	<u>(816,768)</u>	<u>(1,698,828)</u>
Net current assets/(liabilities)		<u>274,987</u>	<u>(184,530)</u>
Total assets less current liabilities		322,983	(114,343)
Creditors: Amounts falling due after more than one year	11	(3,277,716)	(786,489)
Provisions for liabilities		<u>(8,250)</u>	<u>(12,339)</u>
Net liabilities		<u>(2,962,983)</u>	<u>(913,171)</u>
Capital and reserves			
Called up share capital		315	314
Share premium reserve		8,827,473	8,743,345
Warrant reserve		1,779,310	-
Profit and loss account		<u>(13,570,081)</u>	<u>(9,656,830)</u>
Total equity		<u>(2,962,983)</u>	<u>(913,171)</u>

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 8 November 2017 and signed on its behalf by:



Major Gen. P Gilchrist CB
Director

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by shares and incorporated in United Kingdom.

The address of its registered office is:

110 High Street

Maidenhead

Berkshire

SL6 1PT

England

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

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

The preparation of financial statements in compliance with FRS102 Section 1A requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The Company transitioned from previous UK GAAP as at 1 January 2015. These are the Company's first set of financial statements prepared in accordance with FRS 102. An explanation of how transition to FRS102 Section 1A has affected the reported financial position and performance is given in note 16.

Basis of preparation

The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Since the year end the company has secured an additional £1.8m of funding, through the issue of new shares. Based upon detailed cash flow forecasts prepared, and forecast commercial activity, the directors have a reasonable expectation that the company has adequate resources to continue to trade as a going concern for a period of at least twelve months from the date of signature of these financial statements. Therefore the company's directors have concluded that it is appropriate that these financial statements are prepared and presented using the going concern principle, which assumes the recoverability of assets and the settlement of liabilities in the ordinary course of business.

However, as the forecast cashflows do not fully comprise signed sales contracts and are reliant on future funding, which is not certain, any delays or amendments to these cashflows would result in uncertainty over the going concern basis of the company.

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Group accounts not prepared

The company is part of a small group. The company has taken advantage of the exemption provided by Section 398 of the Companies Act 2006 and has not prepared group accounts.

Audit report

The Independent Auditors' Report was unqualified. In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a significant net loss during the year ended 31 December 2016 and, at that date, the company had net liabilities of £2,962,983. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern. The name of the Senior Statutory Auditor who signed the audit report on 14 November 2017 was Mark Ayres, who signed for and on behalf of Moore Stephens LLP.

Key sources of estimation uncertainty

Fair value of warrants: Management uses valuation techniques (specifically Black Scholes Method) in measuring the fair value of warrants where active market quotes are not available. Details of assumptions are the following; Annualised volatility rate of 40%, Annual Dividend rate of 0%, and a Risk Free rate of 1%, which are applied to the perceived current market value of the shares. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimates about the assumptions that market participants would make.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

The functional currency is £ sterling.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives as follows:

Asset class	Depreciation method and rate
Plant and machinery	20% on cost
Fixtures and fittings	20% on cost
Equipment	20% on cost

Investments

Investments in subsidiaries are stated at cost and impairment reviews are carried out as required. At 31 December 2016, the directors consider that the value has not been impaired.

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 (being those with original maturities of 3 months or less) and are subject to an insignificant risk of change in value.

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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 company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

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

Defined contribution pension obligation

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account over the period of service in accordance with the rules of the scheme.

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Financial instruments

Recognition and measurement

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are measured at fair value, with any changes recognised in profit or loss.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Impairment

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Employee Share Schemes

The Company engages in equity settled share based payment transactions in respect of services received from certain employees. Under transitional provisions of FRS102 Section 1A, an expense only needs to be accounted for share options issued in the current year.

Warrants

The fair value for the issuance of warrants, net of issue costs, are credited to the warrant reserve. Warrant reserve is non-distributable and the balance of the warrant reserve in relation to unexercised warrants at expiry of warrant period will be transferred into the profit and loss account.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 28 (2015 - 33).

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

4 Director Remuneration

The Directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	134,885	216,920
Company contributions to defined contribution pension plans	6,240	6,240
	<u>141,125</u>	<u>223,160</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	£	£
Defined contribution plans	1	1
	<u>1</u>	<u>1</u>

The Directors of the company are considered to be only the key management personnel.

5 Interest payable and similar charges

	2016	2015
	£	£
Interest expense on fair value of loans	531,624	12,910
Fair value equity charge (see note 14)	178,230	-
	<u>709,854</u>	<u>12,910</u>

6 Loss before tax

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation expense	31,049	34,760
Foreign currency (gains)/losses	(9,743)	18,114
Auditors' remuneration	11,720	10,250
Operating lease rentals	345,781	332,160
	<u>387,807</u>	<u>395,284</u>

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

7 Taxation

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	(399,634)	(328,617)
Deferred tax	(4,089)	(3,299)
Tax on loss on ordinary activities	<u>(403,723)</u>	<u>(331,916)</u>

The applicable rate of corporation tax for the period to 31 December 2016 was 20%.

8 Tangible assets

	Fixtures and fittings £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2016	13,545	180,435	17,199	211,179
Additions	<u>1,520</u>	<u>7,338</u>	<u>-</u>	<u>8,858</u>
At 31 December 2016	<u>15,065</u>	<u>187,773</u>	<u>17,199</u>	<u>220,037</u>
Depreciation				
At 1 January 2016	13,301	110,555	17,199	141,055
Charge for the year	<u>368</u>	<u>30,681</u>	<u>-</u>	<u>31,049</u>
At 31 December 2016	<u>13,669</u>	<u>141,236</u>	<u>17,199</u>	<u>172,104</u>
Carrying amount				
At 31 December 2016	<u>1,396</u>	<u>46,537</u>	<u>-</u>	<u>47,933</u>
At 31 December 2015	<u>244</u>	<u>69,880</u>	<u>-</u>	<u>70,124</u>

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

9 Investments

	2016 £	2015 £
Investments in subsidiaries	<u>63</u>	<u>63</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2016		<u>63</u>
Carrying amount		
At 31 December 2016		<u>63</u>
At 31 December 2015		<u>63</u>

Details of undertakings

Details of the investments 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	
			2016	2015
Subsidiary undertakings				
Push Technology Inc.	United States of America	Ordinary	100%	100%

The principal activity of Push Technology Inc. is software engineering.

The loss for the financial period of Push Technology Inc. was £83,716 and the aggregate amount of capital and reserves at the end of the period was £(3,329,240). Push Technology Inc is unaudited.

10 Debtors

	2016 £	2015 £
Trade debtors	94,033	385,512
Other debtors	<u>463,972</u>	<u>518,342</u>
	<u>558,005</u>	<u>903,854</u>

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Creditors

	Note	2016 £	2015 £
Due within one year			
Trade creditors		62,649	45,374
Taxation and social security		92,014	79,870
Other creditors		642,919	1,563,588
Payments received on account		19,186	9,996
		<u>816,768</u>	<u>1,698,828</u>
Due after one year			
Other creditors		<u>3,277,716</u>	<u>786,489</u>

Included within other creditors is a loan with a principal value of £4,011,760 which accrues interest at a rate of 8% per annum and attracts a repayment fee of 8% at redemption date. The noteholders have been issued with warrants in the Company as described in note 14. Therefore the principal value of the loan less the equity instrument is £2,410,680 and the effective interest charged on the loan in the year was as per note 5. The loans are secured by way of a fixed debenture on all of the company assets.

12 Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	142,120	234,000
Later than 1 year and not later than 5 years	-	59,500
	<u>142,120</u>	<u>293,500</u>

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

13 Share-based payments

Share Options

The Company has granted share options to a number of employees. Under FRS102 Section 1A, only share options issued in the current year are accounted for and disclosed in the financial statements under exemptions available in paragraph 35.10(b).

At the start of the year there were 176,300 options in existence, of which 59,990 had vested. 31,840 will only vest upon exit or sale in excess of £50m, 26,500 upon the exit or sale in excess of £75m and the remaining 58,000 in excess of £100m. 3,000 of these share options lapsed during the year.

During the year an additional 10,000 options were issued, which will only vest upon exit or sale of £75m. No charge has been made in respect of the share options because since the year end the directors have agreed to amend and reissue the options with the removal of the performance conditions.

14 Warrants

During the year 2,108,000 warrants with a 10 year exercise period were issued to the holders of loan notes. 457,000 of these were issued at an exercise price of £6.89 per share which was deemed to be market value for the shares at that time, and 1,651,000 were issued with an exercise price of £1.51 which was considered to be market value for the shares at that time.

Under FRS102 1A it is necessary to split out the equity element from a financial instrument. This has led to the creation of a warrant reserve of £1,601,080, based on a Black Scholes valuation of the warrants at the date of issue. The effective interest calculation on the fair value of the loan includes the actual interest payable and the additional £1.6m over the life of the loan.

In November 2016, the exercise price of 457,000 warrants was amended from £6.89 to £1.51 per share which has resulted in a charge to the Profit and Loss of £178,230 during the year. This charge was calculated using the Black Scholes valuation method on the date of amendment.

15 Related party transactions

Summary of transactions with other related parties

P Glichrist is a Director of Synergie Global Limited and Push Technology Limited.

During the year, Synergie Global Limited charged the company £31,086 (2015 - £36,000) for chairmanship services.

	2016	2015
	£	£
Amount due to related party at the balance sheet date	3,000	3,000

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

16 Transition to FRS 102

The Company transitioned to FRS102 on 1 January 2015. The directors have undertaken a comprehensive review of the company's accounting policies in order to identify all potential transitional adjustments that may be necessary. As a result of this review, the directors have not identified any material adjustments arising from the transition and therefore no transitional adjustments have been made in these financial statements.

Therefore there is no change to either the balance sheet or profit and loss account as previously presented for the period ended 31 December 2015.