

Registration number: 06034919

Push Technology Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



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

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 London
 E1 8FA

Accountants Ballards LLP
 Chartered Accountants
 Oakmoore Court
 11c Kingswood Road
 Hampton Lovett
 Droitwich
 Worcestershire
 WR9 0QH

Auditors Moore Stephens LLP
 Chartered Accountants
 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 applicable laws and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	31,453	47,933
Investments	9	63	63
		<u>31,516</u>	<u>47,996</u>
Current assets			
Debtors	10	873,914	558,005
Cash at bank and in hand		<u>214,244</u>	<u>533,750</u>
		1,088,158	1,091,755
Creditors: Amounts falling due within one year	11	<u>(1,186,597)</u>	<u>(816,768)</u>
Net current (liabilities)/assets		<u>(98,439)</u>	<u>274,987</u>
Total assets less current liabilities		(66,923)	322,983
Creditors: Amounts falling due after more than one year	11	(4,072,583)	(3,277,716)
Provisions for liabilities		<u>(4,899)</u>	<u>(8,250)</u>
Net liabilities		<u>(4,144,405)</u>	<u>(2,962,983)</u>
Capital and reserves			
Called up share capital		577	315
Share premium reserve		10,597,226	8,827,473
Warrant reserve		1,779,310	1,779,310
Profit and loss account		<u>(16,521,518)</u>	<u>(13,570,081)</u>
Total equity		<u>(4,144,405)</u>	<u>(2,962,983)</u>

These financial statements have been prepared in accordance with provisions applicable to the companies act subject to the small companies regime and in accordance with the provisions of FRS102 Section 1A - small entities.

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 18.04.2018 and signed on its behalf by:

A. Stafford-Deitsch
A Stafford-Deitsch
Director

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

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

The address of its registered office is:

WeWork 4th Floor
Aldgate Tower
2 Leaman Street
London
E1 8FA

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 Section 1A of Financial Reporting Standard 102, 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 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Going concern: Basis of preparation

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

Based upon detailed cash flow forecasts prepared, and forecasted 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, the forecasted cashflows place significant emphasis on the future pipeline, do not fully comprise of signed sales contracts and are reliant on future funding, which is not certain. These circumstances indicate a material uncertainty over the going concern basis of the company.

The company is part of a small group. The company has taken advantage of the exemption provided by Section 398 (2A) of the companies Act 2006 and has not prepared group accounts.

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Audit report

The Independent Auditor's Report was unqualified. We draw attention to note 2 in the financial statements, which indicates that the company incurred a significant net loss during the year of £2,951,437, remains in a net liability position of £4,144,405 at the year-end and future positive cash flows place significant emphasis on the future pipeline, do not fully comprise of signed sales contracts and are reliant on future funding, which is not certain. As stated in note 2, these events and conditions 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. The name of the Senior Statutory Auditor who signed the audit report on 19 October 2018 was Aimee Griffiths, 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 at date of issue. 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.

Revenue recognition

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Technology contracts are recognised as income in the period in which they are performed based on an assessment of the work done. In order to achieve this, the company adopts the following policies in terms of revenue recognition:

Licences: Sales of licences, other than perpetual licences, are recognised over the period to which they relate. Sales of perpetual licences are recognised in the period in which they are issued.

Maintenance: Revenues arising from maintenance sales are recognised over the period of the maintenance contract on a straight line basis.

Consultancy: Revenues arising from consultancy services are recognised in the period in which the service is delivered.

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 rounded to the nearest pound.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 company operates and generates taxable income.

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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.

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 2017, 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.

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.

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.

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

Push Technology Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Loans and 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.

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.

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

Financial assets that are individually significant, are assessed individually for impairment. Other financial assets can be 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, share options issued post transition need only be accounted for.

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.

Push Technology Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 23 (2016 - 28).

4 Director Remuneration

The Directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	56,830	134,885
Company contributions to defined contribution pension plans	1,040	6,240
	<u>57,870</u>	<u>141,125</u>

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

	2017	2016
	£	£
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

	2017	2016
	£	£
Interest expense on fair value of loans	884,743	531,624
Fair value equity charge	-	178,230
	<u>884,743</u>	<u>709,854</u>

6 Loss before tax

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	21,240	31,049
Foreign currency losses/(gains)	3,880	(9,743)
Auditors' remuneration	16,240	11,720
Operating lease rentals	259,650	345,781
	<u>299,960</u>	<u>377,797</u>

Push Technology Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

7 Taxation

Analysis of the tax credit

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

	2017	2016
	£	£
Current tax:		
R&D tax credit	(364,855)	(399,634)
Deferred tax	(3,351)	(4,089)
Tax on loss on ordinary activities	<u>(368,206)</u>	<u>(403,723)</u>

8 Tangible assets

	Fixtures and fittings £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2017	15,065	187,773	17,199	220,037
Additions	<u>-</u>	<u>4,761</u>	<u>-</u>	<u>4,761</u>
At 31 December 2017	<u>15,065</u>	<u>192,534</u>	<u>17,199</u>	<u>224,798</u>
Depreciation				
At 1 January 2017	13,669	141,236	17,199	172,104
Charge for the year	<u>304</u>	<u>20,937</u>	<u>-</u>	<u>21,241</u>
At 31 December 2017	<u>13,973</u>	<u>162,173</u>	<u>17,199</u>	<u>193,345</u>
Carrying amount				
At 31 December 2017	<u>1,092</u>	<u>30,361</u>	<u>-</u>	<u>31,453</u>
At 31 December 2016	<u>1,396</u>	<u>46,537</u>	<u>-</u>	<u>47,933</u>

Push Technology Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

9 Investments

	2017 £	2016 £
Investments in subsidiaries	<u>63</u>	<u>63</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2016 and 2017		<u>63</u>
Carrying amount		
At 31 December 2016 and 2017		<u><u>63</u></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	
			2017	2016
Subsidiary undertakings				
Push Technology Inc.	United States of America	Ordinary	100%	100%

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

Push Technology Inc is unaudited.

The loss for the financial period of Push Technology Inc. was £852,032 and the aggregate amount of capital and reserves at the end of the period was £(3,910,383).

10 Debtors

	2017 £	2016 £
Trade debtors	459,428	94,033
Other debtors	<u>414,486</u>	<u>463,972</u>
	<u><u>873,914</u></u>	<u><u>558,005</u></u>

Push Technology Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

11 Creditors

	Note	2017 £	2016 £
Due within one year			
Trade creditors		115,613	62,649
Taxation and social security		147,730	92,014
Other creditors		913,258	642,919
Payments received on account		9,996	19,186
		<u>1,186,597</u>	<u>816,768</u>
Due after one year			
Loans and borrowings		3,833,711	2,948,968
Other creditors		238,872	328,748
		<u>4,072,583</u>	<u>3,277,716</u>

Included within creditors are loans with a principal value of £4,011,760 which accrues interest at a rate of 8% compounded annually from the date of the 1st annual anniversary of the respective loan instruments. These loans also attract a repayment fee of 8% at redemption date, being the 31 January and March 2019. The noteholders were issued with warrants in the Company during the prior year 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:

	2017 £	2016 £
Not later than 1 year	42,840	142,120
Later than 1 year and not later than 5 years	35,700	-
	<u>78,540</u>	<u>142,120</u>

Push Technology Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

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 post transition to FRS 102 are accounted for and disclosed in the financial statements under exemptions available in paragraph 35.10(b). No charge has been made in respect of these share options given that it is still the intention of the Directors to amend and reissue the options with the removal of the performance conditions.

At the start of the year there were 183,330 options in existence, of which 59,990 had vested. 31,840 will only vest upon exit or sale in excess of £50m, 33,500 upon the exit or sale in excess of £75m and the remaining 58,000 in excess of £100m. 131,680 of these share options lapsed during the year, leaving 28,150 options which have vested and 23,500 options which vest upon an exit or sale in excess of £75m. No new options were issued during the year.

14 Warrants

At the start of the year there were 2,108,000 warrants with a 10 year exercise period and an exercise price of £1.51 to the holders of loan notes. There has been no movement in the warrant reserve in the year.

15 Related party transactions

Summary of transactions with other related parties

During the year, Push Technology Inc recharged costs to its parent, Push Technology Limited, of £490,582 (2016 - £746,802).

During the year, A Stafford-Deitsch accrued interest of £65,424 (2016: £28,217) on loans (as disclosed in note 11) with a principal value of £283,296.

As a loan noteholder, A Stafford-Deitsch was also issued warrants (as per note 14) in January and May of the prior year with a value of £107,831. The exercise price of some of the warrants held by A Stafford-Deitsch were amended from £6.89 to £1.51 in November 2016 resulting in an immediate share based charge and increase to the warrant reserve of £10,529.

At the balance sheet date, the company owed an amount of £269,601 (2016: £204,176) to A Stafford-Deitsch.

P Glichrist is a Director of Synergie Global Limited and was a Director of Push Technology Limited (Resigned 31 January 2018).

During the year, Synergie Global Limited charged the company £28,750 (2016 - £31,086) for directorship services.

	2017	2016
	£	£
Amount due to related party at the balance sheet date	1,500	3,000