NETTHINGS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PAGES FOR FILING WITH REGISTRAR

Company Registration No. SC313913 (Scotland)

NETTHINGS LIMITED

COMPANY INFORMATION

Directors	C J Nash	(Appointed 17 May 2018)
	C Chin	(Appointed 18 September 2017)
	P T Murphy	
	R I Laming	
	Archangel Directors LTD	
Company number	SC313913	
Registered office	14 New Mart Road Edinburgh EH14 1RL	
Auditor	Campbell Dallas Audit Services 5 Whitefriars Crescent Perth PH2 0PA	
Business address	14 New Mart Road Edinburgh EH14 1RL	
Bankers	Barclays Bank 1 Churchill Place London E14 5HP	
Solicitors	DWF LLP 110 Queen Street Glasgow G1 3HD	

NETTHINGS LIMITED

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NETTHINGS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets			55,508		77,930
Tangible assets	4		64,369		92,169
Investments	5		3		3
			119,880		170,102
Current assets					
Stocks		281,134		327,664	
Debtors	6	285,065		307,169	
Cash at bank and in hand		174,883		681,432	
		741,082		1,316,265	
Creditors: amounts falling due within one year	7	(784,117)		(734,575)	
Net current (liabilities)/assets			(43,035)		581,690
Total assets less current liabilities			76,845		751,792
Capital and reserves					
Called up share capital	9		1,970,356		1,469,856
Share premium account			6,620,483		6,370,233
Profit and loss reserves			(8,513,994)		(7,088,297)
Total equity			76,845		751,792

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 25 September 2018 and are signed on its behalf by:

C Chin
Director

Company Registration No. SC313913

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Netthings Limited is a private company limited by shares incorporated in Scotland. The registered office is 14 New Mart Road, Edinburgh, EH14 1RL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The directors plan on raising additional funds from a share issue by the company to their current investors. This has been informally agreed with the current shareholders.

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the successful conclusion of the raising of additional funds by a share issue. Certain of these arrangements will require the approval of shareholders in a general meeting. The financial statements do not include any adjustments that would result if negotiations were not concluded successfully.

Whilst the directors are presently uncertain as to the outcome of this matter mentioned above, they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software licences	33% per annum on a straight line basis
Patents	5% per annum on a straight line basis
Research and development	10% per annum on a straight line basis

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33% per annum on a straight line basis
Office equipment	Various rates on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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.

1 Accounting policies **(Continued)**

Basic financial liabilities, including 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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 other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 30 (2016 - 28).

3 Intangible fixed assets

	Software licences	Other	Total
	£	£	£
Cost			
At 1 January 2017	2,928	287,319	290,247
Additions	5,316	-	5,316
At 31 December 2017	8,244	287,319	295,563
Amortisation and impairment			
At 1 January 2017	2,928	209,389	212,317
Amortisation charged for the year	1,477	26,261	27,738
At 31 December 2017	4,405	235,650	240,055
Carrying amount			
At 31 December 2017	3,839	51,669	55,508
At 31 December 2016	-	77,930	77,930

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2017	241,657
Additions	33,707
At 31 December 2017	275,364
Depreciation and impairment	
At 1 January 2017	149,488
Depreciation charged in the year	61,507
At 31 December 2017	210,995
Carrying amount	
At 31 December 2017	64,369
At 31 December 2016	92,169

5 Fixed asset investments

	2017	2016
	£	£
Investments	3	3

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2017 & 31 December 2017	3
Carrying amount	
At 31 December 2017	3
At 31 December 2016	3

6 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	96,581	210,211
Corporation tax recoverable	52,879	-
Other debtors	135,605	96,958
	285,065	307,169

7 Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	500,000	500,000
Trade creditors	143,376	101,499
Other taxation and social security	103,963	41,791
Other creditors	36,778	91,285
	784,117	734,575

8 Loans and overdrafts

	2017	2016
	£	£
Bank loans	500,000	500,000
Payable within one year	500,000	500,000

Bank loans and overdrafts are secured by a floating charge over the assets of the company in favour of the Barclays Bank plc, and by a floating charge over all of the assets and undertakings of Kineco Limited, Ewgeco Limited and Tayeco Limited, which are all wholly-owned subsidiaries of the company.

9 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
19,703,560 Ordinary shares of 10p each	1,970,356	1,469,856
	1,970,356	1,469,856

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty related to going concern

The senior statutory auditor was Alan Taylor.

The auditor was Campbell Dallas Audit Services.

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.