

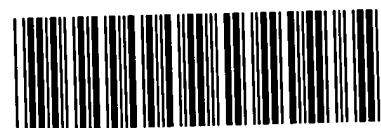
Registered number: 09098199

**PANASEER LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2019**

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**PANASEER LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	N Whitfield A Plattner R Seewald S Chandler
<b>Registered number</b>	09098199
<b>Registered office</b>	Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ
<b>Independent auditor</b>	Crowe U.K. LLP Riverside House 40 - 46 High Street Maidstone Kent ME14 - 1JH

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**PANASEER LIMITED**

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**PANASEER LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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The directors present their report and the financial statements for the year ended 30 June 2019.

**Directors**

The directors who served during the year were:

N Whitfield  
A Plattner  
R Seewald (appointed 13th September 2018)  
S Chandler (appointed 13th September 2018)

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 law 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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**PANASEER LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2019**

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**Going concern**

The company attracted additional investment post year-end - the details of which can be found in note 14 - and expects to have enough cash resources for the next 12 months. Additionally, the company does not expect to require a further cash injection until late in 2021.

In their assessment of going concern the directors have considered the current and developing impact on the business as a result of the COVID 19 virus. This has had a significant, immediate impact on the company's operations in that significant cost savings have been made through furloughs, reductions in staff salaries and marketing expenditure and scaling back on the use of contractors, whilst creating uncertainty in the level of future income from new revenue. At the present time, it is not clear how long the current circumstances are likely to last and what the long term impact will be.

The directors believe that, despite the company continuing to accrue yearly losses, the company's financial statements should continue to be prepared on the going concern basis on the grounds that the company is growing its customer base (from 5 to 7 in the year) and the recent investment into the company suggests that investors remain committed to the business plan and growth prospects of the company. The actions taken by management in response to COVID 19 will strengthen the business - increasing its cash runway, forcing increased agility and control over internal spend and demonstrating a collective spirit across the business to allow cultural preservation.

**Post balance sheet events**

**COVID 19**

Further details can be found in note 14.

**Convertible loan note**

In December 2019, Panaseer Limited created 6,500,000 £1 unsecured convertible loan notes 2021, issuing 3,500,000 of these loan notes in the process. The loan notes do not attract interest. Further details can be found in note 14.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**PANASEER LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2019**

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**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on **30 June 2020** and signed on its behalf.

  
A Plattner  
Director

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## PANASEER LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANASEER LIMITED

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#### Opinion

We have audited the financial statements of Panaseer Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**PANASEER LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANASEER LIMITED (CONTINUED)**

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**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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**PANASEER LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANASEER LIMITED (CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

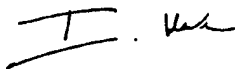
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.



Ian Weekes (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent  
ME14 - 1JH  
Date:

9 July 2020

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**PANASEER LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

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	Note	2019 £	2018 £
Turnover		714,369	302,096
<b>Gross profit</b>		<u>714,369</u>	<u>302,096</u>
Administrative expenses		(4,662,800)	(3,011,794)
Other operating income		28,729	(411)
<b>Operating loss</b>		<u>(3,919,702)</u>	<u>(2,710,109)</u>
Interest receivable and similar income		24,889	16,649
Interest payable and expenses		(5,951)	(8,888)
<b>Loss before tax</b>		<u>(3,900,764)</u>	<u>(2,702,348)</u>
Tax on loss	5	688,801	11,684
<b>Loss for the year</b>		<u><u>(3,211,963)</u></u>	<u><u>(2,690,664)</u></u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 21 form part of these financial statements.

**PANASEER LIMITED**  
**REGISTERED NUMBER: 09098199**

**BALANCE SHEET**  
**AS AT 30 JUNE 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	6	96,941	94,998
Investments	7	138,513	138,513
		<u>235,454</u>	<u>233,511</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	8	-	112,500
Debtors: amounts falling due within one year	8	2,310,230	465,987
Cash at bank and in hand	9	2,451,633	7,351,223
		<u>4,761,863</u>	<u>7,929,710</u>
Creditors: amounts falling due within one year	10	(593,557)	(555,178)
<b>Net current assets</b>		<u>4,168,306</u>	<u>7,374,532</u>
<b>Total assets less current liabilities</b>		<u>4,403,760</u>	<u>7,608,043</u>
Creditors: amounts falling due after more than one year	11	(33,245)	(25,565)
<b>Net assets</b>		<u><u>4,370,515</u></u>	<u><u>7,582,478</u></u>
<b>Capital and reserves</b>			
Called up share capital		351	351
Share premium account		11,851,951	11,851,951
Profit and loss account		(7,481,787)	(4,269,824)
		<u><u>4,370,515</u></u>	<u><u>7,582,478</u></u>

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**PANASEER LIMITED**  
**REGISTERED NUMBER: 09098199**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2019**

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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 were approved and authorised for issue by the board and were signed on its behalf on 30 June 2020



**A Plattner**  
Director

The notes on pages 11 to 21 form part of these financial statements.

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PANASEER LIMITED

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2018	351	11,851,951	(4,269,824)	7,582,478
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(3,211,963)	(3,211,963)
<b>At 30 June 2019</b>	<u>351</u>	<u>11,851,951</u>	<u>(7,481,787)</u>	<u>4,370,515</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
A 1 July 2017	351	11,851,951	(1,579,160)	10,273,142
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,690,664)	(2,690,664)
<b>At 30 June 2018</b>	<u>351</u>	<u>11,851,951</u>	<u>(4,269,824)</u>	<u>7,582,478</u>

The notes on pages 11 to 21 form part of these financial statements.

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## PANASEER LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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#### 1. General Information

Panaseer Limited is a private company limited by shares (company number : 09098199), registered and domiciled in England and Wales.

The principal activity of the company is the licensing of security software and the provision of maintenance and support.

The company's registered address is:

Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

#### 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 Preparation of consolidated financial statements

The company is exempt under Section 399 of the Companies Act from the requirement to prepare consolidated financial statements by virtue that the group qualifies as a small group. These financial statements contain information on the company as an individual undertaking and not about its group.

##### 2.3 Going concern

The company attracted additional investment post year-end - the details of which can be found in note 14 - and expects to have enough cash resources for the next 12 months. Additionally, the company does not expect to require a further cash injection until late in 2021.

In their assessment of going concern the directors have considered the current and developing impact on the business as a result of the COVID 19 virus. This has had a significant, immediate impact on the company's operations in that significant cost savings have been made through furloughs, reductions in staff salaries and marketing expenditure and scaling back on the use of contractors, whilst creating uncertainty in the level of future income from new revenue. At the present time, it is not clear how long the current circumstances are likely to last and what the long term impact will be.

The directors believe that, despite the company continuing to accrue yearly losses, the company's financial statements should continue to be prepared on the going concern basis on the grounds that the company is growing its customer base (from 5 to 7 in the year) and the recent investment into the company suggests that investors remain committed to the business plan and growth prospects of the company. The actions taken by management in response to COVID 19 will strengthen the business - increasing its cash runway, forcing increased agility and control over internal spend and demonstrating a collective spirit across the business to allow cultural preservation.

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**2. Accounting policies (continued)**

**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.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company earns revenue from a number of service lines:

**1) Revenue from licenses and subscriptions**

Where a perpetual license is granted to a customer and no further obligation required from the company, revenue is recognised in full in the year the license was granted.

Where a license is granted for a specified period of time, revenue is recognised on a milestone completion basis or a time basis specified in the related Statement of Works.

**2) Revenue from maintenance and support**

Revenue from maintenance and support is initially deferred and recognised over the term of the maintenance agreement.

**3) Revenue from the development of customised software**

Income from the development of customised software is recognised by reference to the stage of completion of the development.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**2. Accounting policies (continued)**

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

As stated in note 3, the directors have decided to expense all development expenditure incurred.

**2.8 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.11 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**2. Accounting policies (continued)**

**2.12 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.13 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:

Leasehold improvements	- Over 3 years
Fixtures and fittings	- Over 3 years
Office equipment	- Over 3 years
Computer equipment	- Over 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.

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**2. Accounting policies (continued)**

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.16 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.

**2.17 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.18 Financial Instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparation of the financial statements management must apply a number of accounting policies and judgements. Significant accounting policies and judgements are considered to be:

Going concern: This has been discussed in note 2.3.

Carrying value of investments and intercompany balances: These are reviewed annually for impairment. In doing so the directors review the expected future performance of the trading subsidiary. No impairment has been recognised.

Share options: This is reviewed annually by directors for changes in non-market events. As the share option charge is not material, no charge has been recognised in the financial statements.

Development expenditure on internally generated intangible assets: The directors have decided to expense all development expenditure incurred.

**4. Employees**

The average monthly number of employees, including directors, during the year was 35 (2018 - 29).

**PANASEER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**5. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	(688,801)	(11,684)
	<u>(688,801)</u>	<u>(11,684)</u>
<b>Total current tax</b>	<u><u>(688,801)</u></u>	<u><u>(11,684)</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(3,900,764)</u>	<u>(2,702,348)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(741,145)	(513,446)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,679	6,201
Research and development in respect of previous periods	(312,258)	(11,684)
Research and development - current year	(376,543)	-
Adjust deferred tax to standard CT rate	77,839	52,954
Movement on unrecognised deferred tax asset	661,627	454,291
<b>Total tax charge for the year</b>	<u><u>(688,801)</u></u>	<u><u>(11,684)</u></u>

**PANASEER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**6. Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2018	21,493	753	37,149	80,842	140,237
Additions	-	-	3,507	73,250	76,757
At 30 June 2019	<u>21,493</u>	<u>753</u>	<u>40,656</u>	<u>154,092</u>	<u>216,994</u>
<b>Depreciation</b>					
At 1 July 2018	1,182	753	6,457	36,847	45,239
Charge for the year on owned assets	7,093	-	12,949	54,772	74,814
At 30 June 2019	<u>8,275</u>	<u>753</u>	<u>19,406</u>	<u>91,619</u>	<u>120,053</u>
<b>Net book value</b>					
At 30 June 2019	<u>13,218</u>	-	<u>21,250</u>	<u>62,473</u>	<u>96,941</u>
At 30 June 2018	<u>20,311</u>	-	<u>30,692</u>	<u>43,995</u>	<u>94,998</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Computer equipment	<u>22,006</u>	<u>43,485</u>

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**7. Fixed asset investments**

	Investments in subsidiary £
<b>Cost or valuation</b>	
At 1 July 2018	138,513
At 30 June 2019	<u>138,513</u>

The fixed asset investment relates wholly to the company's investment in its subsidiary, Panaseer Inc.

Panaseer Inc. provides licensing of security software and the provision of maintenance and support.

The registered address of Panaseer Inc. is:

WeWork  
315 W 36th Street  
6th Floor  
NY 10018  
New York, USA

**8. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Trade debtors	-	112,500
	<u>                    </u>	<u>                    </u>
	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	257,256	144,600
Amounts owed by group undertakings	995,194	170,194
Other debtors	927,317	101,965
Prepayments and accrued income	130,463	49,228
	<u>2,310,230</u>	<u>465,987</u>

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**9. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>2,451,632</u>	<u>7,351,223</u>

**10. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	99,983	72,721
Other taxation and social security	89,288	62,377
Obligations under finance lease and hire purchase contracts	39,533	21,648
Other creditors	11,526	4,550
Accruals and deferred income	353,227	393,882
	<u>593,557</u>	<u>555,178</u>

Net obligations under hire purchase contracts are secured over the assets to which they relate.

**11. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	<u>33,245</u>	<u>25,565</u>

Net obligations under hire purchase contracts are secured over the assets to which they relate.

**12. Commitments under operating leases**

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	277,017	351,986
Later than 1 year and not later than 5 years	-	273,766
	<u>277,017</u>	<u>625,752</u>

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**13. Related party transactions**

During the year, Panaseer Limited provided working capital support to its subsidiary undertaking Panaseer Inc. totalling £825,000 (2018 - £320,773). At the year end, £995,194 (2018 - £170,194) remained outstanding.

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**PANASEER LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**14. Post balance sheet events**

COVID 19

In January 2020, a pandemic emerged and began to spread globally, forcing large areas of the economy to shut-down. This has fractured investors' confidence and forced companies to revisit and freeze their spending plans. At the present time, it is not clear how long the current circumstances are likely to last and what the long term impact will be. Further details can be found in note 2.3.

This is not an adjusting event.

Convertible loan note

In December 2019, Panaseer Limited created 6,500,000 £1 unsecured convertible loan notes 2021, issuing 3,500,000 of these loan notes in the process. The redemption dates of the loan notes have been extended to December 2021, from March 2021 originally.

Notes shall convert into fully paid senior shares at the conversion price on the following events:

- 1.1.1. all the notes then in issue shall convert automatically on the next relevant fund raising;
- 1.1.2. if a noteholder so elects, if no relevant fund raising has taken place by 1 October 2020; and
- 1.1.3. if a noteholder so elects, that noteholder's notes shall convert on a change of control.

Conversion price means:

(a) on the relevant fund raising, a price per share being equal to the lower of:

(i) a 20% discount to the price per share paid for senior shares by the investors on the relevant fund raising date; and

(ii) £7.48; or

(b) in a change of control, following service of a conversion notice by the relevant Noteholder, a price per share of £7.48; or,

(c) if a noteholder determines that its notes shall be converted in circumstances where no relevant fund raising has taken place by 1 October 2020, following service of a conversion notice by the relevant noteholder, a price per share of £7.48.

Notes shall be redeemed at the principal amount on the relevant of the following dates:

(a) if a noteholder so elects the noteholder's notes shall be redeemed on the date of a change in control;

(b) if a noteholder majority so determines, all the notes then in issue shall be redeemed on 31 December 2021 for all noteholders other than the Albion investors or on the fifth anniversary of this instrument for the Albion investors, or any any date thereafter; and

(c) if a noteholder majority determines, all the notes then in issue shall be redeemed on a date not less than 20 business days following a material breach by the company of any of the material terms of this instrument.

The loan notes do not attract interest.

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PANASEER LIMITED

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DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2019

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	Note	2019 £	2018 £
Turnover		714,369	302,096
Other operating income		28,729	(411)
<b>Less: overheads</b>			
Administrative expenses		(4,662,800)	(3,011,794)
<b>Operating loss</b>		<b>(3,919,702)</b>	<b>(2,710,109)</b>
Interest receivable		24,889	16,649
Interest payable		(5,951)	(8,888)
Tax on loss on ordinary activities		688,801	11,684
<b>Loss for the year</b>		<b>(3,211,963)</b>	<b>(2,690,664)</b>

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**PANASEER LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Services provided	<b>714,369</b>	<b>302,096</b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Other operating income</b>		
Other operating income	<b>25,174</b>	<b>-</b>
Foreign exchange difference - gain	<b>3,555</b>	<b>(411)</b>
	<b>28,729</b>	<b>(411)</b>

**PANASEER LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 £	2018 £
<b>Administration expenses</b>		
Directors salaries	247,617	165,657
Staff salaries	2,110,602	1,528,810
Staff private health insurance	8,651	-
Staff national insurance	274,456	201,096
Staff pension costs - defined contribution schemes	905	905
Staff training	90,842	18,775
Staff welfare	121,754	87,767
Entertainment	5,337	20,638
Hotels, travel and subsistence	150,913	171,277
Research and development	14,000	-
Consultancy	26,982	36,278
Printing and stationery	-	2,821
Postage	-	352
Telephone and fax	13,116	7,798
Computer costs	34,504	20,510
General office expenses	3,963	4,619
Advertising and promotion	657,063	317,656
Trade subscriptions	36,685	30,668
Charity donations	2,000	600
Legal and professional	62,721	27,351
Accountancy fees	58,045	45,620
Equipment leasing (operational)	522	2,976
Bank charges	2,371	2,524
Difference on foreign exchange	3,731	14,955
Contractors	169,806	3,900
Rent - operating leases	360,203	208,787
Rates	118,501	37,967
Cleaning	7,021	4,825
Insurances	4,001	4,922
Repairs and maintenance	-	1,250
Sundry establishment expenses	1,674	12,325
Depreciation - office equipment	12,949	5,054
Depreciation - computer equipment	54,772	21,664
Depreciation - other fixed assets	7,093	1,182
Depreciation - fixtures and fittings	-	198
Profit/loss on sale of tangible assets	-	67
	<b>4,662,800</b>	<b>3,011,794</b>

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**PANASEER LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest receivable</b>		
Bank interest receivable	<u>24,889</u>	<u>16,649</u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest payable</b>		
Hire purchase interest payable	<u>5,951</u>	<u>8,888</u>