

REGISTERED NUMBER: 06646895 (England and Wales)

NUMECENT HOLDINGS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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NUMECENT HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS: O Kent
R A Doyle
Dr R L Hargreaves
A S Hitomi
G P D R Willner
M D Khandjian
S J Maynard
J Young
B Harguindeguy

SECRETARY: Endeavour Ventures Limited

REGISTERED OFFICE: Suite 4 One Sceptre House
Hornbeam Square North
Harrogate
North Yorkshire
HG2 8PB

REGISTERED NUMBER: 06646895 (England and Wales)

ACCOUNTANTS: BPR Heaton
Chartered Accountants
27a Lidget Hill
Pudsey
Leeds
West Yorkshire
LS28 7LG

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)

BALANCE SHEET
31 DECEMBER
2016

	Notes	2016		2015	
		£	£	£	£
FIXED ASSETS					
Intangible assets	4		12,750		13,750
Tangible assets	5		-		171
Investments	6		<u>974,176</u>		<u>974,176</u>
			<u>986,926</u>		<u>988,097</u>
CURRENT ASSETS					
Debtors	7	16,522,577		14,359,144	
Cash at bank		<u>1,188,250</u>		<u>499,067</u>	
		<u>17,710,827</u>		<u>14,858,211</u>	
CREDITORS					
Amounts falling due within one year	8	<u>2,538,343</u>		<u>83,131</u>	
NET CURRENT ASSETS			<u>15,172,484</u>		<u>14,775,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,159,410</u>		<u>15,763,177</u>
CAPITAL AND RESERVES					
Called up share capital	9		3,913,342		3,898,342
Share premium	10		24,813,171		23,640,910
Retained earnings	10		<u>(12,567,103)</u>		<u>(11,776,075)</u>
SHAREHOLDERS' FUNDS			<u>16,159,410</u>		<u>15,763,177</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2016.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:

M D Khandjian - Director

The notes form part of these financial statements

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. STATUTORY INFORMATION

Numecent Holdings Limited is a private company, limited by shares, registered in England and Wales.

The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company has a history of recurring losses from operations and, as at 31 December 2016 has negative profit and loss reserves of £12,567,103.

A successful transition to attaining profitable operations is dependent upon the company obtaining sufficient additional financing to fulfil its planned expenses and achieving a level of revenue adequate to support the company's cost structure. There is no assurance that the company will be able to obtain sufficient additional capital when needed, or that such capital, if available, will be obtainable on terms satisfactory to the company. However, after considering the funds expected to be received from projected operations and financings, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Transition to FRS102

The significant accounting policies applied in the preparation of these financial statements are set out below. The company adopted FRS102 in the current year, the directors have considered all restatements required for the transition to FRS102 and are of the opinion no such item exists.

Preparation of consolidated financial statements

The financial statements contain information about Numecent Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2008, is being amortised evenly over its estimated useful life of twenty years.

Intangible assets

Free company information from Datalog <http://www.datalog.co.uk>

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intellectual property are being amortised evenly over their estimated useful life of nil years.

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Intellectual property - 5% on cost

Goodwill - 5% on cost

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016****2. ACCOUNTING POLICIES - continued****Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at transaction price, except for those financial assets classified as at fair value through profit and loss.

Basic financial instruments

Basic financial instruments are those with relatively straight forward terms and would normally include cash, bank balances, trade debtors, trade creditors and uncomplicated bank loans.

Where the arrangement does not constitute a financing transaction, e.g. trade debtors on normal commercial terms, the debtor will be valued at transaction price (i.e. cost) and subsequently at transaction price less impairment (if any) due to concerns over recoverability.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Accounting for share based compensation

The Company has a share based compensation plan for its employees and outside directors and accounts for share based compensation arrangements using a fair value method. The Company determines the fair value of option grants using the Black-Scholes Model and expense is recorded over the vesting period.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 4 .

4. INTANGIBLE FIXED ASSETS

	Goodwill £	Intellectual property £	Totals £
COST			
At 1 January 2016 and 31 December 2016	<u>20,000</u>	<u>2,000</u>	<u>22,000</u>
AMORTISATION			
At 1 January 2016	6,250	2,000	8,250
Amortisation for year	<u>1,000</u>	<u>-</u>	<u>1,000</u>
At 31 December 2016	<u>7,250</u>	<u>2,000</u>	<u>9,250</u>
NET BOOK VALUE			

At 31 December 2016	<u>12,750</u>	-	<u>12,750</u>
At 31 December 2015	<u>13,750</u>	-	<u>13,750</u>

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

5.	TANGIBLE FIXED ASSETS		Computer equipment £
	COST		
	At 1 January 2016 and 31 December 2016		<u>1,539</u>
	DEPRECIATION		
	At 1 January 2016		1,368
	Charge for year		<u>171</u>
	At 31 December 2016		<u>1,539</u>
	NET BOOK VALUE		
	At 31 December 2016		<u>-</u>
	At 31 December 2015		<u><u>171</u></u>
6.	FIXED ASSET INVESTMENTS		Shares in group undertakings £
	COST		
	At 1 January 2016 and 31 December 2016		<u>974,176</u>
	NET BOOK VALUE		
	At 31 December 2016		<u>974,176</u>
	At 31 December 2015		<u><u>974,176</u></u>
7.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2016	2015
		£	£
	Amounts owed by group undertakings	16,388,658	14,347,629
	Other debtors	60,090	11,515
	Prepayments and accrued income	<u>73,829</u>	-
		<u>16,522,577</u>	<u>14,359,144</u>
8.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2016	2015
		£	£
	Other loans	2,306,693	-
	Trade creditors	109,830	28,296
	Social security and other taxes	2,313	2,718
	Accruals and deferred income	<u>119,507</u>	<u>52,117</u>
		<u>2,538,343</u>	<u>83,131</u>

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016****9. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
1,768,013	Ordinary	£1	1,768,013	1,753,013
467,329	Preferred A Shares	£1	467,329	467,329
1,678,000	Preferred L Shares	£1	<u>1,678,000</u>	<u>1,678,000</u>
			<u><u>3,913,342</u></u>	<u><u>3,898,342</u></u>

During the year ended 31 December 2016, 15,000 Ordinary Shares were issued at £5.00 per share.

The total net consideration received for this issue was £75,000.

10. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2016	(11,776,075)	23,640,910	11,864,835
Deficit for the year	(791,028)	-	(791,028)
Cash share issue	-	1,172,261	1,172,261
At 31 December 2016	<u>(12,567,103)</u>	<u>24,813,171</u>	<u>12,246,068</u>

NUMECENT HOLDINGS LIMITED (REGISTERED NUMBER: 06646895)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. RELATED PARTY DISCLOSURES

During the year ended 31 December 2016, the company recognised management charges of £24,000 (2015: £24,000) from Numecent Limited, a subsidiary company. At the balance sheet date the company was owed £5,826,390 (2015: £5,505,530) from Numecent Limited. At 31 December 2016 a provision has been made against the £5,826,390 (2015: £5,505,530) totalling £3,600,000 (2015: £3,600,000) and therefore the amount included within "Amounts owed by group undertakings" is £2,226,390 (2015: £1,905,530).

At the balance sheet date £1,765,823 (2015: £1,765,823) was owed from Endeavors Technologies, Inc., a subsidiary company registered in the United States of America. A provision has been made against the £1,765,823 (2015: £1,765,823) totalling £1,321,000 (2015: £1,321,000) and therefore the amount included within "Amounts owed by group undertakings" is £444,823 (2015: £444,823).

At the balance sheet date £10,643,995 (2015: £10,643,995) was owed from Numecent Holdings, Inc. and £3,073,450 (2015: £1,353,281) was owed from Numecent, Inc., subsidiary companies registered in the United States of America.

Endeavour Ventures Limited, a company under the control of a director, Dr. R L Hargreaves, earns fees for providing secretarial support and investor relations services to the company. During the year ended 31 December 2016, these fees totalled £30,000 (2015: £30,000) and, as of 31 December 2016, the agreed upon monthly fee was £2,000 for business support and £500 for corporate finance. The Company also incurred £24,000 in non-executive director fees payable to Endeavour Ventures Limited in 2016 (2015: £26,000) of which £6,000 of which was recorded as payroll expense to the individual directors during the year ended 31 December 2016 (2015: £6,500).

Endeavour Ventures Limited also holds an option that was previously antidilutive, for 3.5% of the fully diluted share capital at the time of exercise. Effective 31 December 2014, the antidilutive feature was removed and the option became fixed at 100,000 option shares. The option has an exercise price of £1 per share. The option increased by 10,439 option shares during the year ended 31 December 2014 from 89,561 option shares as at 31 December 2013 to 100,000 option shares as at 31 December 2014.

During the year ended 31 December 2016 Endeavour Ventures Limited and its network of finders, some of whom are shareholders in the company, earned aggregate fees on funds raised totalling £Nil (2015: £214,175). These fees were recorded as charges to share premium. At 31 December 2016, the company owed Endeavour Ventures Limited £12,336 (2015: £5,088).

The company incurred aggregate charges from G P D R Willner, a non executive director, and International Data Centre Group, a company related to G P D R Willner, of £24,000 during the year ended 31 December 2016 (2015: £24,000), of which £4,000 was recorded as payroll expense during the year ended 31 December 2016 (2015: £6,000). The total owed at 31 December 2016 was £1,800 (2015: £1,800).

The company incurred charges of £24,000 during the year ended 31 December 2016 (2015: £24,000) from Radish Investments, a company under the control of R A Doyle, a non-executive director, of which £4,000 was recorded as payroll expense during the year ended 31 December 2016 (2015: £6,000). The total owed at 31 December 2016 was £10,084 (2015: £2,321).

The company incurred charges of £6,000 during the year ended 31 December 2016 (2015: £6,000) from Lacis Consulting Limited, a company under the control of A Bocresion, a non-executive director, of which £4,000 was recorded as payroll expense (2015: £1,500) during the year ended 31 December 2016. The total owed at 31 December 2016 was £9,307 (2015: £1,800).

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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

During the year ended 31 December 2016 the company incurred charges of £128,815 (2015: £119,526) under a consulting agreement with Digerati Productions Limited ("Digerati") for services performed outside of the UK by Digerati. Digerati is an investor in the company and also employs O Kent, a Director of the company. The contract may be terminated upon six months' notice and automatically terminates upon a Qualifying Exit as defined in the contract. The consultant is to be compensated at a rate of \$100,000 USD per year, paid at the rate of \$8,333 USD per month, plus reimbursement of expenses and a quarterly bonus. At 31 December 2016, the company owed Digerati £7,115 (2015: £14,724).

At 31 December 2016 and 2015 Digerati holds a Warrant Instrument for 250,000 Ordinary Shares.

The warrant exercise price is £10 per warrant share, which are Ordinary shares.

12. CONTROL

No one individual or entity has control over the company.

