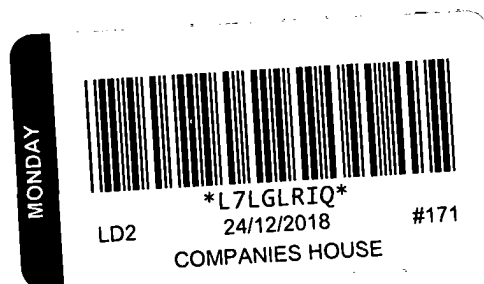


# Advanced Skills Initiative Limited

## Unaudited Filleted Accounts

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For the year ended 31 March 2018



Company No. 08873131

**Advanced Skills Initiative Limited**

**Financial statements for the year ended 31 March 2018**

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**Advanced Skills Initiative Limited**

**Financial statements for the year ended 31 March 2018**

## Company information

Company registration number: 08873131

Registered office: 54 Welbeck Street,  
London,  
England,  
W1G 9XS

Directors: Andrew Brookes  
Se Miao Angie Ma  
Richard Ryan  
Dr Marc Warner  
Saul Klein

## Advanced Skills Initiative Limited

# Statement of financial position

As at 31 March 2018

	Notes	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	5		175,964		162
Fixed asset investment	6		35,296		-
Total non-current assets			<u>211,260</u>		<u>162</u>
<b>Current assets</b>					
Trade and other receivables	7	1,332,418		621,885	
Cash and cash equivalents		<u>2,480,554</u>		<u>995,418</u>	
			<u>3,812,972</u>	<u>1,617,303</u>	
Creditors: amounts falling due within one year	8	(730,106)		(366,389)	
<b>Net current assets</b>			<u>3,082,866</u>	<u>1,250,914</u>	
<b>Total assets less current liabilities</b>			<u>3,294,126</u>	<u>1,251,076</u>	
Creditors: amounts falling due after more than one year	9		<u>(2,005,169)</u>		<u>-</u>
<b>Net assets</b>			<u>1,288,957</u>	<u>1,251,076</u>	
<b>Capital and reserves</b>					
Called up share capital	10		4		4
Share premium account			1,561,391		1,561,388
Capital contribution reserve			109,150		-
Other reserves			(173,607)		-
Retained earnings			<u>(207,981)</u>		<u>(310,316)</u>
			<u>1,288,957</u>		<u>1,251,076</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

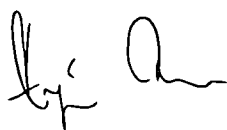
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities. The statement of comprehensive income has not been delivered to the Registrar of Companies.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Se Miao Angie Ma

Director

21 December 2018



The notes on pages 5 to 15 form part of these financial statements.

## Advanced Skills Initiative Limited

### Statement of changes in equity

	Share capital	Share premium	Capital contribution	Other reserves	Retained earnings	Total Equity
	£	£			£	£
<b>At 1 April 2016</b>	<b>3</b>	<b>61,245</b>	-	-	<b>46,273</b>	<b>107,521</b>
Loss for the year	-	-	-	-	(356,589)	(356,589)
<b>Total comprehensive loss for the year</b>	-	-	-	-	<b>(356,589)</b>	<b>(356,589)</b>
<b>Transactions with owners in their capacity as owners</b>						
Share issue during the year	7,279	1,492,865	-	-	-	1,500,144
	7,279	1,492,865	-	-	-	1,500,144
<b>At 31 March 2017 (as previously reported)</b>	<b>7,282</b>	<b>1,554,110</b>	-	-	<b>(310,316)</b>	<b>1,251,076</b>
Correction of error	(7,278)	7,281	-	-	-	3
<b>At 31 March 2017 (restated)</b>	<b>4</b>	<b>1,561,391</b>	-	-	<b>(310,316)</b>	<b>1,251,079</b>
Loss for the year	-	-	-	-	(94,136)	(94,136)
<b>Total comprehensive loss for the year</b>	-	-	-	-	<b>(94,136)</b>	<b>(94,136)</b>
<b>Transactions with owners in their capacity as owners</b>						
Gift of cryptocurrency from shareholder (note 6)	-	-	305,621	-	-	305,621
Transfers of portion of cryptocurrency sold in the year	-	-	(196,471)	-	196,471	-
Value of conversion rights on convertible loan notes (note 9)	-	-	-	(213,932)	-	(213,932)
Employee share schemes – value of employee services (note 11)	-	-	-	40,325	-	40,325
	-	-	109,150	(173,607)	196,471	132,014
<b>At 31 March 2018</b>	<b>4</b>	<b>1,561,391</b>	<b>109,150</b>	<b>(173,607)</b>	<b>(207,981)</b>	<b>1,288,957</b>

The notes on pages 5 to 15 form part of these financial statements.

# **Advanced Skills Initiative Limited**

## **Financial statements for the year ended 31 March 2018**

# Notes to the financial statements

## **1 General information and statement of compliance with accounting standards**

Advanced Skills Initiative Limited is a private company, limited by shares, incorporated and domiciled in England, registration number 08873131. Its registered office and its principal place of business is 54, Welbeck Street, London, W1G 9XS.

## **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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Comparatives have been restated to enhance the comparison with the current financial year figures. However, the restatements have no material impact on the financial statements.

The following principal accounting policies have been applied:

### **2.2 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating expenses'.

### **2.3 Revenue recognition**

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 following criteria must also be met before revenue is recognised:

# **Advanced Skills Initiative Limited**

**Financial statements for the year ended 31 March 2018**

## Notes to the financial statements

### **2 Accounting policies (continued)**

#### **2.3 Revenue recognition (continued)**

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### **2.4 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **2.5 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.

#### **2.6 Interest income**

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

#### **2.7 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 Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

# Advanced Skills Initiative Limited

## Financial statements for the year ended 31 March 2018

# Notes to the financial statements

## 2 Accounting policies (continued)

### 2.8 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 Statement of financial position 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.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 reporting 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 Statement of financial position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.10 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.



# Advanced Skills Initiative Limited

## Financial statements for the year ended 31 March 2018

### Notes to the financial statements

#### 2 Accounting policies (continued)

##### 2.10 Tangible fixed assets (continued)

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:

Fixtures and fittings	5 years
Leasehold Improvements	2 or 10 years
Computer equipment	2 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.

##### 2.11 Fixed asset investments (cryptocurrency)

The company holds investments in ether, a type of crypto token or cryptocurrency, that are classified and accounted for under Section 18 of FRS 102 Intangible Assets other than Goodwill. Ether is very volatile and it is traded less frequently than Bitcoin.

FRS 102 defines intangible as an identifiable non-monetary asset without physical substance. The directors consider cryptocurrencies to meet the FRS 102 definition of intangible assets based on the following assessment:

- Cryptocurrency holdings are considered identifiable as they can be traded on an exchange or in peer-to-peer transactions.
- The value of a cryptocurrency is not fixed or determinable but subject to major variations that arise from supply and demand and cannot be predicted. Therefore it is not monetary but non-monetary in nature.
- Cryptocurrencies are a form of digital money and do not have physical substance.

Cryptocurrencies that are being accounted for under Section 18 of FRS 102 are presented on the statement of financial position as fixed asset investments, which represent the intended use of the asset.

Cryptocurrencies are accounted for under the cost model and initially recognised at cost. After recognition, under the cost model, cryptocurrencies are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

# Advanced Skills Initiative Limited

## Financial statements for the year ended 31 March 2018

### Notes to the financial statements

#### 2 Accounting policies (continued)

##### 2.11 Fixed asset investments (cryptocurrency)

All intangible assets are considered to have a finite useful life. Amortisation is provided on straight line method on the following basis:

Cryptocurrencies	3 years
------------------	---------

##### 2.12 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.

##### 2.13 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.

##### 2.14 Creditors

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

##### 2.15 Financial instruments

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

##### 2.16 Convertible debt

###### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

###### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

A repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

# Advanced Skills Initiative Limited

## Financial statements for the year ended 31 March 2018

### Notes to the financial statements

#### 2 Accounting policies (continued)

##### 2.16 Convertible debt (continued)

###### Classification as debt or equity (continued)

###### *Compound instruments*

The component parts of compound instruments (convertible loans) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a variable number of the Company's own equity instruments is a financial liability.

If the conversion feature fails the equity classification, the instrument is not a basic financial instrument and is accounted for at fair value through the profit or loss under *Section 12 Other Financial Instruments Issues*.

At the end of each reporting period, the Company measures all financial instruments within the scope of Section 12 at fair value and recognises changes in fair value in the profit or loss.

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

In the application of accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the presentation and carrying amounts of assets and liabilities that are not readily apparent from other sources. The following are the critical judgements that the directors have made in the process of applying the company's accounting policies.

##### 3.1 Accounting for cryptocurrencies

Accounting for cryptocurrency assets does not fit easily within the FRS 102 framework. The directors' view is that the classification of cryptocurrency as fixed asset investments accounted for under Section 18 of FRS 102 fairly represents the intended use of the asset.

The directors do not expect the cryptocurrencies to be traded in the short term. Accounting for cryptocurrency as inventory is not appropriate as it does not represent the company's business model and intended use of the asset.

In the directors' view, it is unlikely that cryptocurrencies would be considered financial instruments under FRS 102 as they do not meet the definition. Unlike cash, cryptocurrencies are not backed by a government or central bank and are not considered legal tender in virtually all jurisdictions. Whilst it may be possible to exchange cryptocurrencies into cash, the holder does not have cash or the right to cash. Cryptocurrencies do not give rise to equity instruments of another entity or the contractual right to receive cash, they do not give rise to a financial asset of one entity and are therefore not a financial instrument.

##### 3.2 Fair value of share options granted

The assessment of fair value of share options at grant date is independently determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

# Advanced Skills Initiative Limited

## Financial statements for the year ended 31 March 2018

### Notes to the financial statements

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

##### 3.2 Fair value of share options granted (continued)

There is significant judgement in determining the inputs such as expected price volatility and share prices, as the company has different types of shares issued and the shares are not traded.

##### 3.3 Fair value of convertible debt

The convertible debt is accounted for at fair value through profit or loss as the conversion features fail the equity classification. The process of determining the fair value at each period end involves significant estimation and judgement as this will need to consider both the market rate of interest and the probability that each of the conversion options will happen.

##### 3.4 Movements in Capital contribution reserve and Other reserves

The capital contribution reserve arose from a gift of ether cryptocurrency received from a minority shareholder. A portion of the capital contribution reserve is reclassified to retained earnings when the underlying asset (ether) is sold, as the asset is readily convertible into cash.

In addition, the difference between the fair value of the convertible loan note and the nominal value at the initial measurement of the loan notes has been accounted for through Other reserves, to the extent that the loan notes were issued to shareholders.

#### 4 Employees

The average monthly number of employees, including directors, during the year was 46 (2017 - 26).

#### 5 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2017	-	324	-	324
Additions	78,688	66,177	73,464	218,329
At 31 March 2018	<u>78,688</u>	<u>66,501</u>	<u>73,464</u>	<u>218,653</u>
<b>Depreciation</b>				
At 1 April 2017	-	162	-	162
Charge for the year	5,831	4,433	32,263	42,527
At 31 March 2018	<u>5,831</u>	<u>4,595</u>	<u>32,263</u>	<u>42,689</u>
<b>Net book value</b>				
At 31 March 2018	<u>72,857</u>	<u>61,906</u>	<u>41,201</u>	<u>175,964</u>
At 31 March 2017	<u>-</u>	<u>162</u>	<u>-</u>	<u>162</u>

# Advanced Skills Initiative Limited

Financial statements for the year ended 31 March 2018

## Notes to the financial statements

### 6 Fixed asset investments

	Cryptocurrency £
<b>Cost</b>	
At 1 April 2017	-
Additions	305,621
Disposals	(196,471)
At 31 March 2018	<u>109,150</u>
<b>Depreciation</b>	
At 1 April 2017	-
Charge for the year	14,553
Impairment charge	64,759
Disposals	(5,458)
At 31 March 2018	<u>73,854</u>
<b>Net book value</b>	
At 31 March 2018	<u>35,296</u>
At 31 March 2017	<u>-</u>

### 7 Trade and other receivables

	2018 £	2017 £
Trade debtors	704,005	252,217
Other debtors	254,652	-
Prepayments and accrued income	373,761	369,668
	<u>1,332,418</u>	<u>621,885</u>

### 8 Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	43,510	4,087
Corporation tax	-	11,134
Other taxation and social security	300,439	103,891
Other creditors	22,564	54,271
Accruals and deferred income	363,593	193,006
	<u>730,106</u>	<u>366,389</u>

# Advanced Skills Initiative Limited

Financial statements for the year ended 31 March 2018

## Notes to the financial statements

### 9 Creditors: Amounts falling due after more than one year

The Company issued 1,730,000 zero interest convertible loan notes with a face value of £1,730,000 in the year. They convert automatically into Ordinary A shares, if the Company raises equity or has a change of control within 2 years of the issue of the convertible loan notes ("the repayment date"). They can also convert after the repayment date, at the election of the majority of lenders on terms agreed at that time or are repayable on the repayment date.

The convertible notes are presented in the statement of financial position as follows:

	2018 £	2017 £
Face value of notes issued	1,730,000	-
Other reserves – value of conversion rights at inception: shareholders	213,932	-
Other operating expenses – value of conversion rights at inception: third parties	61,237	-
	<u>2,005,169</u>	<u>-</u>

### 10 Share capital

	2018 £	2017 £
<b>Allotted and called up</b>		
89,501 (2017: 89,501) Ordinary shares of £0.00001 each	1	1
38,495 (2017: 38,495) Ordinary 'A' shares of £0.00001 each	1	1
249,125 (2017: 249,125) Deferred shares of £0.00001 each	2	2
	<u>4</u>	<u>4</u>

### 11 Share based payments

The company operates an unapproved option scheme for certain directors, employees and contractors. Share options are exercisable for Ordinary shares at prices determined at the date of grant.

The following options arrangements were in existence at the end of the current and prior periods:

Grant date	Expiry date	Option exercise price £	2018 Number	2017 Number
16 Feb 2016	15 Feb 2026	0.25	1,633	1,889
25 Apr 2017	24 April 2027	0.25	7,009	-

## Advanced Skills Initiative Limited

### Financial statements for the year ended 31 March 2018

## Notes to the financial statements

### 11 Share based payments (continued)

#### Movements in share options during the period

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price (£) 2018	Number 2018	Weighted average exercise price (£) 2017	Number 2017
<b>Outstanding at the beginning of the year</b>	<b>0.25</b>	<b>1,889</b>	<b>0.25</b>	<b>2,401</b>
Granted during the year		<b>7,866</b>		-
Forfeited during the year		<b>(1,113)</b>		(512)
Exercised during the year		-		-
Expired during the year		-		-
<b>Outstanding at the end of the year</b>		<b>8,642</b>		<b>1,889</b>

#### Fair value of share options granted in the period

Options were priced using the Black-Scholes option pricing model. Expected volatility was determined based on the historic volatility of comparable companies. The expected life is the expected period from grant to exercise based on management's best estimate. The risk free return is the rate offered for UK gilt deposits at the time of the grant. The company recognised total expenses of £40,325 (2017 - £nil) related to equity settled share based payment transactions.

	25 April 2017	16 February 2016
Grant date		
Share price	£7.43	£3.79
Exercise price	£0.25	£0.25
Expected volatility	83.97%	102.15%
Expected option life, years	10	10
Expected dividend yield	0%	0%
Risk free interest rate	1.09%	1.44%

The assessed fair value at grant date of share options granted during the period year was £7.29 (16 February 2016: £3.72) per option. The valuation of the Company's share price was independently determined using an adjusted form of the Black Scholes Model.

## Advanced Skills Initiative Limited

Financial statements for the year ended 31 March 2018

### Notes to the financial statements

#### 12 Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	208,953	73,683
Later than 1 year and not later than 5 years	1,100,000	1,033,952
Later than 5 years	1,138,197	1,413,197
	<u>2,447,150</u>	<u>2,520,832</u>

#### 13 Related party transactions

A shareholder advance of £6,000 (2017: £6,000) was made for expenses. This advance payment was made in the 2015/16 financial year.

Included in the convertible loan note liability outstanding at year end were interest free convertible loan notes with a face value of £1,345,000 (2017: £nil) issued to shareholders.

#### 14 Post balance sheet events

On 21 June 2018, 7,307 unapproved share options were surrendered and 10,703 EMI share options and 50 unapproved share options were granted.