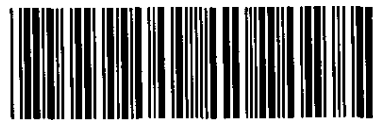


REGISTERED NUMBER: 10161957 (England and Wales)

REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
PROTECTED.NET GROUP LIMITED GROUP

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COMPANIES HOUSE

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FOR THE YEAR ENDED 31 DECEMBER 2018

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PROTECTED.NET GROUP LIMITED GROUP

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:	Mr C S Phillips Mr M L Blend Mr J Civantos Mr C Ursini Mr N G Baker
SECRETARY:	Gibson Whitter Secretaries Limited
REGISTERED OFFICE:	Larch House Parklands Business Park Denmead Hampshire PO7 6XP
REGISTERED NUMBER:	10161957 (England and Wales)
AUDITORS:	Gibson Whitter Limited Statutory Auditors Larch House Parklands Business Park Denmead Hampshire PO7 6XP

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

CHANGE OF NAME

The group passed a special resolution on 8 November 2018 changing its name from SS Protect Limited to Protected.Net Group Limited Group.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

Mr C S Phillips has held office during the whole of the period from 1 January 2018 to the date of this report.

Other changes in directors holding office are as follows:

Just Develop It Limited - resigned 16 October 2018

Mr M L Blend - appointed 16 October 2018

Mr J Civantos - appointed 16 October 2018

Mr C Ursini - appointed 16 October 2018

Mr N G Baker - appointed 16 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Gibson Whitter Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mr C S Phillips - Director

Date: 27/09/19.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PROTECTED.NET GROUP LIMITED GROUP

Opinion

We have audited the financial statements of Protected.Net Group Limited Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Notes to the Financial Statements, 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 group's and of the parent company affairs as at 31 December 2018 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 group'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PROTECTED.NET GROUP LIMITED GROUP**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.


Auditors' 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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, 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 a Report of the Auditors 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 as a body, for our audit work, for this report, or for the opinions we have formed.


Linda Gibson FCA CTA (Senior Statutory Auditor)
for and on behalf of Gibson Whitter Limited
Statutory Auditors
Larch House
Parklands Business Park
Denmead
Hampshire
PO7 6XP

Date: 27 September 2019

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31.12.18 \$	31.12.17 \$
TURNOVER		34,517,198	14,498,894
Cost of sales		<u>8,340,002</u>	<u>4,698,463</u>
GROSS PROFIT		26,177,196	9,800,431
Administrative expenses		<u>45,940,202</u>	<u>33,146,020</u>
OPERATING LOSS	4	(19,763,006)	(23,345,589)
Interest payable and similar expenses		<u>1,871,897</u>	<u>792,659</u>
LOSS BEFORE TAXATION		(21,634,903)	(24,138,248)
Tax on loss	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(21,634,903)</u>	<u>(24,138,248)</u>
Loss attributable to: Owners of the parent		<u>(21,634,903)</u>	<u>(24,138,248)</u>

The notes form part of these financial statements

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31.12.18 \$	31.12.17 \$
LOSS FOR THE YEAR		(21,634,903)	(24,138,248)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(21,634,903)</u>	<u>(24,138,248)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(21,634,903)</u>	<u>(24,138,248)</u>

The notes form part of these financial statements

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2018

	Notes	31.12.18		31.12.17	
		\$	\$	\$	\$
FIXED ASSETS					
Intangible assets	7		22,500		-
Tangible assets	8		186,911		106,484
Investments	9		533		533
			<u>209,944</u>		<u>107,017</u>
CURRENT ASSETS					
Debtors	10	2,785,059		3,278,104	
Cash at bank		8,600,342		2,860,195	
			<u>11,385,401</u>	<u>6,138,299</u>	
CREDITORS					
Amounts falling due within one year	11	23,764,989		37,740,983	
NET CURRENT LIABILITIES			<u>(12,379,588)</u>	<u>(31,602,684)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(12,169,644)</u>	<u>(31,495,667)</u>	
CAPITAL AND RESERVES					
Called up share capital	13		21,073		14,000
Share premium			40,953,853		-
Retained earnings			(53,144,570)		(31,509,667)
SHAREHOLDERS' FUNDS			<u>(12,169,644)</u>	<u>(31,495,667)</u>	

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Directors on ~~27 September 2019~~ and were signed on its behalf by:



Mr C S Phillips - Director

The notes form part of these financial statements

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

COMPANY BALANCE SHEET
31 DECEMBER 2018

	Notes	31.12.18		31.12.17	
		\$	\$	\$	\$
FIXED ASSETS					
Intangible assets	7		-		-
Tangible assets	8		186,911		106,484
Investments	9		533		533
			<u>187,444</u>		<u>107,017</u>
CURRENT ASSETS					
Debtors	10	2,820,320		3,278,104	
Cash at bank		8,599,577		2,860,195	
			<u>11,419,897</u>		<u>6,138,299</u>
CREDITORS					
Amounts falling due within one year	11	23,761,529		37,740,983	
			<u>(12,341,632)</u>		<u>(31,602,684)</u>
NET CURRENT LIABILITIES					
			<u>(12,154,188)</u>		<u>(31,495,667)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CAPITAL AND RESERVES					
Called up share capital	13		21,073		14,000
Share premium			40,953,853		-
Retained earnings			(53,129,114)		(31,509,667)
			<u>(12,154,188)</u>		<u>(31,495,667)</u>
SHAREHOLDERS' FUNDS					
			<u>(12,154,188)</u>		<u>(31,495,667)</u>
Company's loss for the financial year			<u>(21,619,447)</u>		<u>(24,138,248)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Directors on 27 September 2019 and were signed on its behalf by:



Mr C S Phillips - Director

The notes form part of these financial statements

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital \$	Retained earnings \$	Share premium \$	Total equity \$
Balance at 1 January 2017	14,000	(7,371,419)	-	(7,357,419)
Changes in equity				
Total comprehensive income	-	(24,138,248)	-	(24,138,248)
Balance at 31 December 2017	<u>14,000</u>	<u>(31,509,667)</u>	<u>-</u>	<u>(31,495,667)</u>
Changes in equity				
Issue of share capital	7,073	-	40,953,853	40,960,926
Total comprehensive income	-	(21,634,903)	-	(21,634,903)
Balance at 31 December 2018	<u>21,073</u>	<u>(53,144,570)</u>	<u>40,953,853</u>	<u>(12,169,644)</u>

The notes form part of these financial statements

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital \$	Retained earnings \$	Share premium \$	Total equity \$
Balance at 1 January 2017	14,000	(7,371,419)	-	(7,357,419)
Changes in equity				
Total comprehensive income	-	(24,138,248)	-	(24,138,248)
Balance at 31 December 2017	<u>14,000</u>	<u>(31,509,667)</u>	<u>-</u>	<u>(31,495,667)</u>
Changes in equity				
Issue of share capital	7,073	-	40,953,853	40,960,926
Total comprehensive income	-	(21,619,447)	-	(21,619,447)
Balance at 31 December 2018	<u>21,073</u>	<u>(53,129,114)</u>	<u>40,953,853</u>	<u>(12,154,188)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATUTORY INFORMATION

Protected.Net Group Limited Group 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 General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company's balance sheet at the year end shows net current liabilities and net liabilities. This position is due to deferred income totalling \$16,589K. The deferred income will be released to the income statement during the next year. The company has the continued financial support of its shareholders for the foreseeable future to meet its liabilities as they fall due. On this basis the directors have prepared the financial statements on the going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiary undertakings.

The financial statements of the subsidiary undertakings included within the consolidated figures are adjusted, where appropriate, to conform to Group accounting policies.

The consolidated financial statements include the following subsidiaries which have claimed exemption from audit under Section 479A of the Companies Act 2006:

Company Name	Registered Number
Network Protect Limited	11436112

Turnover

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

Intangible assets

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.

Domain names are being amortised evenly over their estimated useful life of ten years.

Tangible fixed assets

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

Plant and machinery etc - 33% on cost and 20% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 31 (2017 - 11).

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2017 - NIL).

4. OPERATING LOSS

The operating loss is stated after charging:

	31.12.18	31.12.17
	\$	\$
Depreciation - owned assets	58,924	21,531
Domain names amortisation	2,500	-
Formation costs	131	-
	<u> </u>	<u> </u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

6. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

7. INTANGIBLE FIXED ASSETS

Group

	Other intangible assets \$
COST	
Additions	25,000
At 31 December 2018	<u>25,000</u>
AMORTISATION	
Charge for year	2,500
At 31 December 2018	<u>2,500</u>
NET BOOK VALUE	
At 31 December 2018	<u><u>22,500</u></u>

8. TANGIBLE FIXED ASSETS

Group

	Plant and machinery etc \$
COST	
At 1 January 2018	128,055
Additions	139,351
At 31 December 2018	<u>267,406</u>
DEPRECIATION	
At 1 January 2018	21,571
Charge for year	58,924
At 31 December 2018	<u>80,495</u>
NET BOOK VALUE	
At 31 December 2018	<u><u>186,911</u></u>
At 31 December 2017	<u><u>106,484</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

8. TANGIBLE FIXED ASSETS - continued

Company	Plant and machinery etc \$
COST	
At 1 January 2018	128,055
Additions	139,351
	<hr/>
At 31 December 2018	267,406
	<hr/>
DEPRECIATION	
At 1 January 2018	21,571
Charge for year	58,924
	<hr/>
At 31 December 2018	80,495
	<hr/>
NET BOOK VALUE	
At 31 December 2018	186,911
	<hr/> <hr/>
At 31 December 2017	106,484
	<hr/> <hr/>

9. FIXED ASSET INVESTMENTS

Group	Shares in group undertakings \$
COST	
At 1 January 2018 and 31 December 2018	533
	<hr/>
NET BOOK VALUE	
At 31 December 2018	533
	<hr/> <hr/>
At 31 December 2017	533
	<hr/> <hr/>
Company	Shares in group undertakings \$
COST	
At 1 January 2018 and 31 December 2018	533
	<hr/>
NET BOOK VALUE	
At 31 December 2018	533
	<hr/> <hr/>
At 31 December 2017	533
	<hr/> <hr/>

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

PC Protect Antivirus Limited

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Scanguard Antivirus Limited

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Protected Antivirus Limited

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

TotalAV Antivirus Limited

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

SS Protect (U.S.) LLC

Registered office: 16-18 Barnes Wallis Road, Segensworth, Fareham, Hampshire, PO15 5TT
Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Network Protect Limited

Registered office: Larch House, Parklands Business Park, Denmead, Hampshire, PO7 6XP
Nature of business: Online retail of VPN service

	%
Class of shares:	holding
Ordinary	100.00

	31.12.18
	\$
Aggregate capital and reserves	(15,324)
Loss for the period/year	<u>(15,455)</u>

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	\$	\$	\$	\$
Trade debtors	25,740	-	25,740	-
Other debtors	2,759,319	3,278,104	2,794,580	3,278,104
	<u>2,785,059</u>	<u>3,278,104</u>	<u>2,820,320</u>	<u>3,278,104</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	\$	\$	\$	\$
Trade creditors	814,569	6,342,680	810,565	6,342,680
Amounts owed to group undertakings	-	6,496,588	-	6,496,588
Taxation and social security	2,288,410	46,220	2,289,204	46,220
Other creditors	20,662,010	24,855,495	20,661,760	24,855,495
	<u>23,764,989</u>	<u>37,740,983</u>	<u>23,761,529</u>	<u>37,740,983</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	31.12.18	31.12.17
	\$	\$
	-	6,496,588
	-	8,000,000
	<u>-</u>	<u>14,496,588</u>

Amounts owed to group and other creditors are secured by a floating charge over the company's assets.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	31.12.18	31.12.17
Number:	Class:			
NIL	Ordinary	£1	-	14,000
7,992,009	Class A preference	£0.001	10,558	-
7,960,105	Class B ordinary	£0.001	10,515	-
			<u>21,073</u>	<u>14,000</u>

PROTECTED.NET GROUP LIMITED GROUP (REGISTERED NUMBER: 10161957)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. CALLED UP SHARE CAPITAL - continued

10,000 Ordinary shares of £1 each were sub-divided to 10,000,000 Ordinary shares of £0.001 each on 16 October 2018.

10,000,000 Ordinary shares of £0.001 were reclassified to 2,039,895 Class A Preference shares and 7,960,105 Class B Ordinary shares on 16 October 2018.

5,952,114 Class A Preference shares of £0.001 each were allotted as fully paid at a premium of \$7 per share on 16 October 2018.

14. RELATED PARTY DISCLOSURES

During the year the group companies were charged rent, management fees and interest by connected companies totalling \$1,672,456 (31.12.17: \$522,457).

The aggregate amount owed by connected companies at the balance sheet date is \$15,810 (31.12.17: owed to \$6,489,186).

The aggregate amount owed to the directors at the balance sheet date is \$237,671 (31.12.17: \$Nil).

15. ACCOUNTING ESTIMATES

Protected.Net Group Limited supplies digital services to private consumers within the EU and elected to register for the VAT Mini One Stop Shop scheme (MOSS). Due to technical difficulties with the registration it has been necessary for the company to make late registrations in each EU State to which services have been supplied. This work is ongoing. The VAT due is included as a creditor in these financial statements however it has not been possible to quantify the penalties and interest that may arise. Should these late registrations give rise to penalty obligations the directors are satisfied that there is a sufficient cash holding within the business to settle the liabilities as they arise.

16. ULTIMATE CONTROLLING PARTY

The controlling party from 16 October 2018 was System1 SS Protect Holdings, Inc. which is an intermediary for System 1, Inc. a company incorporated in the USA.

Prior to 16 October 2018 the company was not controlled by any one individual or entity.