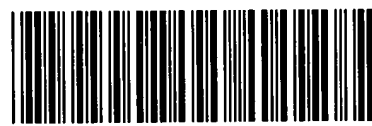


Company Registration No. 05673888 (England and Wales)

**METASPHERE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**PAGES FOR FILING WITH REGISTRAR**

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**METASPHERE LIMITED**

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# METASPHERE LIMITED

## BALANCE SHEET

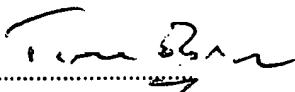
AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	4	60,806		21,329	
Investments	5	2,078		2,078	
		<u>62,884</u>		<u>23,407</u>	
<b>Current assets</b>					
Stocks	6	907,470		501,692	
Debtors	7	5,063,522		3,693,895	
Cash at bank and in hand		296,775		447,734	
		<u>6,267,767</u>		<u>4,643,321</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,146,884)</u>		<u>(2,941,726)</u>	
<b>Net current assets</b>		<u>3,120,883</u>		<u>1,701,595</u>	
<b>Total assets less current liabilities</b>		<u>3,183,767</u>		<u>1,725,002</u>	
<b>Creditors: amounts falling due after more than one year</b>	9	<u>(1,283,722)</u>		<u>-</u>	
<b>Net assets</b>		<u><u>1,900,045</u></u>		<u><u>1,725,002</u></u>	
<b>Capital and reserves</b>					
Called up share capital	12	3,080,219		3,080,219	
Share premium account		1,857,335		1,857,335	
Capital redemption reserve		118,490		118,490	
Profit and loss reserves		<u>(3,155,999)</u>		<u>(3,331,042)</u>	
<b>Total equity</b>		<u><u>1,900,045</u></u>		<u><u>1,725,002</u></u>	

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

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

The financial statements were approved by the board of directors and authorised for issue on 9 May 2022 and are signed on its behalf by:

  
T B O'Brien  
Director

Company Registration No. 05673888

# **METASPHERE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Metasphere Limited is a private company limited by shares incorporated in England and Wales. The registered office is Millfield, Dorking Road, Tadworth, Surrey, United Kingdom, KT20 7TD.

#### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the balance sheet date the company had a cash balance of £296,775 (2020 - £447,734) and net assets of £1,900,045 (2020 - £1,725,002).

The company continues to invest in the fast-growing IoT market and has seen strong growth in 2021 driven by the launch of its ART Sewer proposition. The company made an operating profit of £139,745 (2020 – operating loss of £332,896). The company will continue to be profitable in the short-term and the Board believes the forecasts demonstrate that available cash and additional funding are more than sufficient for the company to meet its liabilities as they fall due.

The accounts are approved during a period when there is still uncertainty as a result of the emergence and international spread of COVID-19 and events in Russia and Ukraine. The company's response has been to implement contingency plans and manage its cash and cost bases under these circumstances. The board continues to monitor the situation as it develops, however, so far, the effect on the company has been minimal.

Based on these assessments and having regard to the resources available to the company, the board has concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the financial statements.

#### **1.3 Turnover**

Turnover represents sale of goods and services to customers at invoiced amounts less value added tax or local tax on sales. Revenue is recognised as follows:

- for product sales, on despatch of goods
- for project costs, on a percentage completion basis
- for support contracts, over the term of the contract on a straight line basis
- for other support services, as and when the services is provided

#### **1.4 Research and development expenditure**

Expenditure on pure and applied research is charged to the Income Statement in the year in which it is incurred. Development costs are also charged to the Income Statement in the year of expenditure.

#### **1.5 Tangible fixed assets**

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

# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

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

Office Equipment	33% on cost
Computer Equipment	33% on cost

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

#### 1.6 Fixed asset investments

Investments are recognised initially at fair value, which is normally the transaction price. Subsequently, they are measured at fair value through the Income Statement, except for those investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the investment's fair value on the last date the investment was reliably measurable is treated as the cost of the investment.

#### 1.7 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

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

# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.9 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

##### 1.10 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

##### 1.11 Equity instruments

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

##### 1.12 Taxation

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

# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

#### **1.13 Employee benefits**

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

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

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

#### **1.14 Retirement benefits**

Contributions to the company's defined contribution pension scheme are charged to the Income Statement in the year in which they become payable.

#### **1.15 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **1.16 Foreign exchange**

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.

# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 31 (2020 - 29).

	2021 Number	2020 Number
Total	31	29

#### 4 Tangible fixed assets

	Office Equipment £	Computer Equipment £	Total £
<b>Cost</b>			
At 1 January 2021	57,855	103,212	161,067
Additions	34,296	28,532	62,828
At 31 December 2021	92,151	131,744	223,895
<b>Depreciation and impairment</b>			
At 1 January 2021	47,857	91,881	139,738
Depreciation charged in the year	11,835	11,516	23,351
At 31 December 2021	59,692	103,397	163,089
<b>Carrying amount</b>			
At 31 December 2021	32,459	28,347	60,806
At 31 December 2020	9,998	11,331	21,329

#### 5 Fixed asset investments

	2021 £	2020 £
Shares in group undertakings and participating interests	2,078	2,078



# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Fixed asset investments (Continued)

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2021 & 31 December 2021	2,078
<b>Carrying amount</b>	
At 31 December 2021	2,078
At 31 December 2020	2,078

### 6 Stocks

	2021 £	2020 £
Work in progress	159,847	87,266
Finished goods and goods for resale	747,623	414,426
	<u>907,470</u>	<u>501,692</u>

### 7 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,326,146	1,626,737
Corporation tax recoverable	69,247	33,803
Amounts owed by group undertakings	1,435,673	1,440,248
Other debtors	1,232,456	593,107
	<u>5,063,522</u>	<u>3,693,895</u>

# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

		2021 £	2020 £
Bank loans	10	70,000	-
Obligations under finance leases	11	9,268	-
Trade creditors		1,560,238	1,166,922
Taxation and social security		55,427	330,275
Other creditors		11,022	10,022
Accruals and deferred income		1,440,929	1,434,507
		<u>3,146,884</u>	<u>2,941,726</u>

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

	2021 £	2020 £
Bank loans and overdrafts	280,000	-
Other creditors	1,003,722	-
	<u>1,283,722</u>	<u>-</u>

Creditors which fall due after five years are as follows:

	2021 £	2020 £
Payable by instalments	280,000	-
Payable other than by instalments	1,003,722	-
	<u>1,283,722</u>	<u>-</u>

### 10 Loans and overdrafts

	2021 £	2020 £
Bank loans	350,000	-
Loan from parent	1,003,722	-
	<u>1,353,722</u>	<u>-</u>
Payable within one year	70,000	-
Payable after one year	1,283,722	-
	<u>1,353,722</u>	<u>-</u>

The long-term bank loan is secured by fixed and floating charges over all assets, present and future, of the company.

# METASPHERE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10 Loans and overdrafts

(Continued)

Loan from parent totalling £1,003,722 (2020 - £nil) is repayable in June 2023 in full, and incurs interest at 15% annually.

The bank loan totalling £350,000 (2020 - £nil) is repayable monthly from January 2022, and incurs interest at 3.99% annually.

#### 11 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	9,268	-

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

#### 12 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary Shares of 10p each	30,802,185	30,802,185	3,080,219	3,080,219

#### 13 Audit report information

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

The auditor's report was unqualified.

The senior statutory auditor was Robert Southey and the auditor was Azets Audit Services.

#### 14 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £	2020 £
	211,083	280,583

# **METASPHERE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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#### **15 Related party transactions**

During the year, the company received a loan from the parent company of £1,003,722. The loan attracts interest at 15% and matures in June 2023, when it becomes repayable in full.

The company also paid £51,949 (2020 - £47,245) to the current parent company, in respect of management recharges.