

Company Registration No. 09708880 (England and Wales)

**EMTEQ LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JULY 2021**  
**PAGES FOR FILING WITH REGISTRAR**

**EMTEQ LIMITED**

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# EMTEQ LIMITED

## BALANCE SHEET

AS AT 30 JULY 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	4	1,675,645		1,123,134	
Tangible assets	5	24,672		17,627	
		<u>1,700,317</u>		<u>1,140,761</u>	
<b>Current assets</b>					
Debtors	6	130,040		434,197	
Cash at bank and in hand		216,812		269,848	
		<u>346,852</u>		<u>704,045</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(374,076)</u>		<u>(356,860)</u>	
<b>Net current (liabilities)/assets</b>			(27,224)		347,185
<b>Total assets less current liabilities</b>			<u>1,673,093</u>		<u>1,487,946</u>
<b>Creditors: amounts falling due after more than one year</b>	8		(819,769)		(50,000)
<b>Net assets</b>			<u><u>853,324</u></u>		<u><u>1,437,946</u></u>
<b>Capital and reserves</b>					
Called up share capital	9	21,670		21,670	
Share premium account		1,987,483		1,987,483	
Profit and loss reserves		<u>(1,155,829)</u>		<u>(571,207)</u>	
<b>Total equity</b>			<u><u>853,324</u></u>		<u><u>1,437,946</u></u>

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

For the financial year ended 30 July 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

**EMTEQ LIMITED**

**BALANCE SHEET (CONTINUED)**

***AS AT 30 JULY 2021***

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The financial statements were approved by the board of directors and authorised for issue on 29 April 2022 and are signed on its behalf by:

C Nduka

Director

Company Registration No. 09708880

# EMTEQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JULY 2021**

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### **1 Accounting policies**

#### **Company information**

Emteq Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sussex Innovation Centre, Science Park Square, Brighton, United Kingdom, BN1 9SB.

#### **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**

The directors have considered the effect of the Covid-19 outbreak and the company has well adjusted to the new situation caused by Covid-19. The company had secured over £650,000 investment by January 2022, with the expectation of further investment in 2022. Accordingly, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Revenue recognition**

Revenue includes;

- Grant funding received
- Commercial product sales revenue; and
- Consultancy fees

Grant funding revenue received is recognised in line with the costs incurred. When it is received in arrears, the revenue is accrued to match the appropriate proportion of the costs and when it is received in advance, the revenue is deferred to match the appropriate proportion of costs.

Commercial product sales revenue is recognised net of VAT when the product is shipped to the client.

Consultancy fee revenue is recognised net of VAT in proportion to the amount of work completed.

#### **1.4 Intangible fixed assets other than goodwill**

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Research expenditure is written off against profits in the year in which it is incurred.

Intangible assets such as patents are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

## EMTEQ LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JULY 2021

#### 1 Accounting policies

(Continued)

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

Patents & licences	Amortised over 10 years
Development costs	Amortised over 3 years

#### 1.5 Tangible fixed assets

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

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

VR equipments	33% on reducing balance
Office equipments	20% on reducing balance
Computers	33% on reducing balance

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 the profit and loss account.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

#### 1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.8 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.

# EMTEQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JULY 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors 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.

#### 1.9 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.

#### 1.10 Taxation

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

##### **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.

#### 1.11 Employee benefits

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.

#### 1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# EMTEQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JULY 2021

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 20 (2020 - 15).

	2021 Number	2020 Number
Total	20	15

### 3 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on results for the period	(66,200)	(90,000)
Adjustments in respect of prior periods	(39,073)	-
Total current tax	(105,273)	(90,000)

### 4 Intangible fixed assets

	Patents & licences	Development costs	Total
	£	£	£
<b>Cost</b>			
At 31 July 2020	233,342	1,837,595	2,070,937
Additions	10,765	1,256,496	1,267,261
At 30 July 2021	244,107	3,094,091	3,338,198
<b>Amortisation and impairment</b>			
At 31 July 2020	57,639	890,164	947,803
Amortisation charged for the year	24,411	690,339	714,750
At 30 July 2021	82,050	1,580,503	1,662,553
<b>Carrying amount</b>			
At 30 July 2021	162,057	1,513,588	1,675,645
At 30 July 2020	175,703	947,431	1,123,134

# EMTEQ LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JULY 2021

### 5 Tangible fixed assets

	VR equipments	Office equipments	Computers	Total
	£	£	£	£
<b>Cost</b>				
At 31 July 2020	3,462	3,999	22,866	30,327
Additions	10,855	-	3,747	14,602
At 30 July 2021	14,317	3,999	26,613	44,929
<b>Depreciation and impairment</b>				
At 31 July 2020	1,311	1,047	10,342	12,700
Depreciation charged in the year	1,547	724	5,286	7,557
At 30 July 2021	2,858	1,771	15,628	20,257
<b>Carrying amount</b>				
At 30 July 2021	11,459	2,228	10,985	24,672
At 30 July 2020	2,151	2,952	12,524	17,627

### 6 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	4,109	58,154
Corporation tax recoverable	66,200	271,278
Other debtors	18,224	30,034
Prepayments and accrued income	41,507	74,731
	130,040	434,197

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

	2021	2020
	£	£
Bank loan	10,000	-
Trade creditors	175,921	85,488
Other taxation and social security	118,115	85,583
Other creditors	3,480	2,827
Accruals and deferred income	66,560	182,962
	374,076	356,860

## EMTEQ LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JULY 2021

**8 Creditors: amounts falling due after more than one year**

	2021	2020
	£	£
Bank loan	38,333	50,000
Other loans (secured)	781,436	-
	<u>819,769</u>	<u>50,000</u>

Other loans are secured by way of a fixed and floating charge against the whole and any part of the undertaking, property and assets of the company.

**9 Called up share capital**

	2021	2020
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,166,959 Ordinary shares of 1p each	21,670	21,670
	<u>21,670</u>	<u>21,670</u>

At the beginning of the year, the company had outstanding share options over 490,000 ordinary shares granted to 2 directors and 8 employees under the Enterprise Management Initiative scheme of which 351,236 ordinary shares were immediately vested and 138,764 were vesting after 12 months from the date of grant. The exercise price for 280,000 shares is £1.30 per share and for 210,000 is £1.78 per share for these share options.

During the year, no shares options have been lapsed and no shares options have been exercised.

All the options can be exercised during the option holder's lifetime, only by the option holder.

Under the terms of the investment agreement dated 10 February 2021, at 30 July 2021 there were 269,614 (2020 : 269,614) options remaining available to grant within a designated option pool.

**10 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
£	£
11,191	11,191

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.