COMPANY REGISTRATION NUMBER: 11026072

WATR Limited

Unaudited financial statements

31 May 2022

WATR Limited

Statement of financial position

31 May 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	5		441,002		342,850
Tangible assets	6		53,825		67,136
			494,827		409,986
Current assets					
Stocks		158,792		35,206	
Debtors	7	226,124		165,946	
Cash at bank and in hand		14,518		202,198	
		399,434		403,350	
Creditors: Amounts falling due within one year	8	(637,775)		(367,209)	
Net current (liabilities)/assets			(238,341)		36,141
Total assets less current liabilities			256,486		446,127
Creditors: Amounts falling due after more than one year	9		(339,624)		(309,391)
Accruals and deferred income			(112,618)		(8,584)
Net (liabilities)/assets			(195,756)		128,152
Capital and reserves					
Called up share capital			119		116
Share premium account			388,556		297,627
Convertible debt option reserve			53,066		53,066
Profit and loss account			(637,497)		(222,657)
Shareholders (deficit)/funds			(195,756)		128,152

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the income statement has not been delivered.

For the year ending 31 May 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

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

WATR Limited

Statement of financial position *(continued)*

31 May 2022

These financial statements were approved by the board of directors and authorised for issue on 17 February 2023 , and are signed on behalf of the board by:

Mr G P Cotton

Director

Company registration number: 11026072

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 16 Hethel Innovation Centre, Hethel, Norwich, NR14 8FB, England.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements Convertible debt The directors have assessed the nature of the convertible loan issued during the previous year and the required treatment under FRS102. They have determined that, despite the variable number of shares into which the loan may be converted, the convertible loan should be allocated between liability and equity elements as detailed below.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively . Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of useful life cannot be made, the useful life shall not exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Products	-	16% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	33% on cost, 20% on cost and 10% on cost
Equipment	-	10% on cost

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Convertible debt

The proceeds received on issue of the company's convertible debt are allocated into their liability and equity components.

The liability component is initially recognised at the fair value of a similar liability that does not have an equity conversion option.

The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. This is shown in the "Convertible debt option reserve" within shareholders' equity.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

4. Employee numbers

The average number of employees during the year was 8 (2021: 4).

5. Intangible assets

	Patents, trademarks and licences	Products	Total
	£	£	£
Cost			
At 1 June 2021	30,840	329,077	359,917
Additions	–	–	–
Additions from internal developments	17,380	135,618	152,998
At 31 May 2022	48,220	464,695	512,915
Amortisation			
At 1 June 2021	–	17,067	17,067
Charge for the year	–	54,846	54,846
At 31 May 2022	–	71,913	71,913
Carrying amount			
At 31 May 2022	48,220	392,782	441,002
At 31 May 2021	30,840	312,010	342,850

6. Tangible assets

	Plant and machinery	Equipment	Total
	£	£	£
Cost			
At 1 June 2021	95,329	2,564	97,893
Additions	8,521	4,334	12,855
Disposals	(1,250)	–	(1,250)
At 31 May 2022	102,600	6,898	109,498
Depreciation			
At 1 June 2021	30,385	372	30,757
Charge for the year	24,500	624	25,124
Disposals	(208)	–	(208)
At 31 May 2022	54,677	996	55,673
Carrying amount			
At 31 May 2022	47,923	5,902	53,825
At 31 May 2021	64,944	2,192	67,136

7. Debtors

	2022	2021
	£	£
Trade debtors	21,175	8,700
Other debtors	204,949	157,246
	226,124	165,946

8. Creditors: Amounts falling due within one year

	2022	2021
	£	£

Bank loans and overdrafts	10,000	10,000
Trade creditors	107,928	9,472
Social security and other taxes	16,377	5,697
Other creditors	503,470	342,040
	637,775	367,209

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

	2022	2021
	£	£
Bank loans and overdrafts	30,000	40,000
Convertible loan	309,624	269,391
	339,624	309,391

The convertible loan note was issued on 6th April 2021.

The loan is convertible into ordinary shares of the company at any time between the date of issue of the loan and the final repayment date of 5th April 2024, dependent on the occurrence of a specified conversion event.

The conversion price will be determined by the price per share paid in the company's most recent equity financing prior to conversion.

Interest is charged at 8% per annum.

The fair value of the liability component at inception has been calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 14%.

10. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	14,400	13,500