

Abbreviated Audited Accounts  
for the Year Ended 31 January 2011  
for  
Metaforic Limited

THURSDAY



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**for the Year Ended 31 January 2011**

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**Metaforic Limited**

**Company Information**  
**for the Year Ended 31 January 2011**

**DIRECTORS:**

A S McLennan  
N Stewart  
C B Anderson  
W A Krepick  
F S Hallsworth  
D Stickel  
S Paterson

**SECRETARY:**

Ms L MacKellar

**REGISTERED OFFICE:**

146 West Regent Street  
Glasgow  
G2 2RQ

**REGISTERED NUMBER:**

SC300538 (Scotland)

**AUDITORS:**

Gillespie & Anderson  
Registered Auditors  
Chartered Accountants  
147 Bath Street  
Glasgow  
G2 4SN

**Report of the Independent Auditors to**  
**Metaforic Limited**  
**Under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages three to six, together with the full financial statements of Metaforic Limited for the year ended 31 January 2011 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

**Other information**

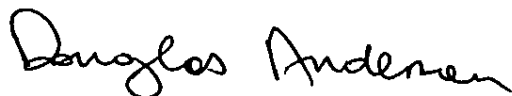
On 16 August 2011 we reported as auditors to the shareholders of the company on the full financial statements for the year ended 31 January 2011 prepared under Section 396 of the Companies Act 2006, and our report included the following extract:

**"Emphasis of Matter - Going Concern**

In forming our opinion on the Financial Statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 1 to the Financial Statements concerning the company's ability to continue as a going concern based on future equity funding and sales contracts, together with the value of the Fixed Asset Investment and the recoverability of the loan to Metaforic Inc as shown in Notes 6 and 7 to the Financial Statements."

On 31 January 2011, Metaforic Inc had net liabilities of £2,449,012. This position indicates material uncertainty as to the repayment of the loan and the value of the Fixed Asset Investment. Should Metaforic Inc be unable to repay the loan and if, at a later date, the Directors agree that an adjustment is required to the value of the Fixed Asset Investment, then adjustments would require to be made to the Financial Statements. In addition the validity of the going concern assessment depends on the additional funding which the Directors expect to secure for the company.

The Financial Statements do not include the adjustments necessary should Metaforic Inc be unable to repay the loan and should the Directors consider that an adjustment is required to the value of the Fixed Asset Investment. Similarly, the financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.



Douglas Anderson (Senior Statutory Auditor)  
for and on behalf of Gillespie & Anderson  
Registered Auditors  
Chartered Accountants  
147 Bath Street  
Glasgow  
G2 4SN

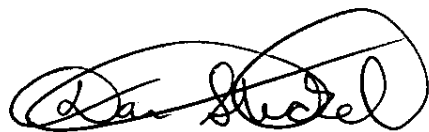
16 August 2011

**Abbreviated Balance Sheet**  
**31 January 2011**

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	2	27,685	20,244
Investments	3	503,111	503,111
		<u>530,796</u>	<u>523,355</u>
<b>CURRENT ASSETS</b>			
Debtors	4	2,769,807	1,485,049
Cash at bank		275,893	96,363
		<u>3,045,700</u>	<u>1,581,412</u>
<b>CREDITORS</b>			
Amounts falling due within one year		<u>251,753</u>	<u>1,356,964</u>
<b>NET CURRENT ASSETS</b>		<u>2,793,947</u>	<u>224,448</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,324,743</u>	<u>747,803</u>
<b>ACCRUALS AND DEFERRED INCOME</b>		-	207,407
<b>NET ASSETS</b>		<u><u>3,324,743</u></u>	<u><u>540,396</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	91,774	42,723
Share premium		4,125,828	1,102,371
Profit and loss account		<u>(892,859)</u>	<u>(604,698)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>3,324,743</u></u>	<u><u>540,396</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 16 August 2011 and were signed on its behalf by:



D Stickel - Director

**Notes to the Abbreviated Accounts**  
**for the Year Ended 31 January 2011**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The Directors consider it appropriate to prepare the Financial Statements on the going concern basis, based on contracts entered into and future contract prospects, funding received since the year end as detailed in the Notes to the Financial Statements, and the obtaining of additional funding which the Directors expect to secure. Should these circumstances change, the company may be unable to continue as a going concern. If this occurred, adjustments would require to be made to the Financial Statements which would reduce the value of assets to their recoverable amounts, in particular in relation to the value of the Fixed Asset Investment and the recoverability of the loan to Metaforic Inc, and to provide for any further liabilities which may arise.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**Preparation of consolidated financial statements**

The financial statements contain information about Metaforic Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

**Exemption from preparing a cash flow statement**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**Turnover**

Turnover represents amounts earned by the company in the course of the year excluding value added tax. Where sales involve licencing, the income is recognised evenly over the term of the licence.

**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                      -    33.3% on cost and 25% on cost

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is not recognised when assets are revalued unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognise the gains and losses expected to arise on sale or where assets have been sold and it is expected that the taxable gain will be rolled over into a replacement asset.

**Research and development**

Expenditure on research is written off in the year in which it is incurred. Development costs are also written off in the year when incurred because of the degree of uncertainty over the potential future benefits to be accessed by such expenditure.

**Foreign currencies**

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.

**Patents**

Expenditure on the cost of applying for patents is written off as an expense when incurred.

**Government grants**

Government grants are recognised in the financial statements when the conditions for their payment have been met. Grants of a revenue nature are taken to profit and loss with grants of a capital nature being amortised in line with the assets to which they relate.

**Notes to the Abbreviated Accounts - continued**  
**for the Year Ended 31 January 2011**

**2. TANGIBLE FIXED ASSETS**

	Total £
<b>COST</b>	
At 1 February 2010	34,154
Additions	20,890
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At 31 January 2011	55,044
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<b>DEPRECIATION</b>	
At 1 February 2010	13,910
Charge for year	13,449
	<hr/>
At 31 January 2011	27,359
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<b>NET BOOK VALUE</b>	
At 31 January 2011	27,685
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At 31 January 2010	20,244
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**3. FIXED ASSET INVESTMENTS**

	Investments other than loans £
<b>COST</b>	
At 1 February 2010 and 31 January 2011	503,111
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 January 2011	503,111
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At 31 January 2010	503,111
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The company's investments at the balance sheet date in the share capital of companies include the following:

**Metaforic Inc**

Country of incorporation: United States of America

Nature of business: Provision of security software

Class of shares:	%
Ordinary	holding 100.00

	2011 £	2010 £
Aggregate capital and reserves	(2,449,012)	(983,741)
Loss for the year	(1,478,060)	(833,295)
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**4. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

The aggregate total of debtors falling due after more than one year is £2,604,221 (2010 - £1,084,657).

**Notes to the Abbreviated Accounts - continued**  
**for the Year Ended 31 January 2011**

**5. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2011 £	2010 £
2,500,000	Ordinary Shares	lp	25,000	25,000
6,677,430	A Ordinary	lp	66,774	17,723
(2010 - 1,772,300)			<hr/>	<hr/>
			<u>91,774</u>	<u>42,723</u>

4,905,130 A Ordinary shares of lp each were allotted as fully paid at a premium of 62.2p per share during the year.

**6. GOVERNMENT GRANTS**

In 2008, the company was conditionally awarded Regional Selective Assistance of £200,000, to be paid in four tranches of £50,000 dependent on job creation and capital expenditure targets. Up to 31 January 2010 two tranches of £50,000 were received. The conditions for the third tranche were met after the end of the year to 31 January 2011 and a further £50,000 was received. The conditions for the payment of the fourth tranche have not yet been met.

In addition to the above, the company received various marketing and other grants totalling £7,843 (2010 - £22,803).