

Company Registration No. SC300538 (Scotland)

METAFORIC LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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METAFORIC LIMITED

COMPANY INFORMATION

Directors	A McLennan R V Detourniere A P Bear
Company number	SC300538
Registered office	146 West Regent Street Glasgow G2 2RQ
Auditor	Eacotts International Limited Grenville Court Britwell Road Burnham Buckinghamshire SL1 8DF
Business address	146 West Regent Street Glasgow G2 2RQ

METAFORIC LIMITED

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METAFORIC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of providing the tools and technology which allow software creators to render their applications and data self-defending from the time it is released.

These financial statements are not prepared on the going concern basis. The company is no longer a going concern, because it is in the process of selling the patents to the ultimate parent company and hiving up the remaining assets and trade to the immediate parent company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A McLennan
R V Detourniere
A P Bear

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

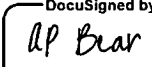
Auditor

The auditor, Eacotts International Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:

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A P Bear
Director

27 April 2017

METAFORIC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the annual report 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 of the profit or loss of the company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

METAFORIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METAFORIC LIMITED

We have audited the financial statements of Metaforic Limited for the year ended 31 December 2016 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

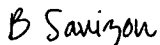
METAFORIC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF METAFORIC LIMITED

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

DocuSigned by:

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Mr Brandis Savizon FCCA (Senior Statutory Auditor)
for and on behalf of Eacotts International Limited

19 May 2017
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Chartered Accountants
Statutory Auditor

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

METAFORIC LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	812,873	2,379,343
Administrative expenses		(1,758,335)	(1,629,003)
Other operating income		25,107	-
		<hr/>	<hr/>
Operating (loss)/profit	4	(920,355)	750,340
Amounts written off investments	6	88,196	-
		<hr/>	<hr/>
(Loss)/profit before taxation		(832,159)	750,340
Taxation	7	(196)	(12,209)
		<hr/>	<hr/>
(Loss)/profit for the financial year		<u>(832,355)</u>	<u>738,131</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

METAFORIC LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
(Loss)/profit for the year	(832,355)	738,131
Other comprehensive income		
Revaluation of intangible fixed assets	1,000,971	-
Total comprehensive income for the year	<u>168,616</u>	<u>738,131</u>

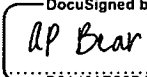
METAFORIC LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	8	1,400,000		689,196	
Tangible assets	9	14,313		18,229	
		<u>1,414,313</u>		<u>707,425</u>	
Current assets					
Debtors	12	374,546		405,953	
Cash at bank and in hand		997,765		257,310	
		<u>1,372,311</u>		<u>663,263</u>	
Creditors: amounts falling due within one year	13	<u>(3,749,841)</u>		<u>(2,502,521)</u>	
Net current liabilities		<u>(2,377,530)</u>		<u>(1,839,258)</u>	
Total assets less current liabilities		<u>(963,217)</u>		<u>(1,131,833)</u>	
Capital and reserves					
Called up share capital	16	517,612		517,612	
Share premium account		10,161,734		10,161,734	
Revaluation reserve		1,000,971		-	
Profit and loss reserves		<u>(12,643,534)</u>		<u>(11,811,179)</u>	
Total equity		<u>(963,217)</u>		<u>(1,131,833)</u>	

The financial statements were approved by the board of directors and authorised for issue on 27 April 2017 and are signed on its behalf by:

DocuSigned by:

 D9A48A7C9B16473...
 A P Bear
 Director

Company Registration No. SC300538

METAFORIC LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		517,612	10,161,734	-	(12,549,310)	(1,869,964)
Year ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	738,131	738,131
Balance at 31 December 2015		517,612	10,161,734	-	(11,811,179)	(1,131,833)
Year ended 31 December 2016:						
Loss for the year		-	-	-	(832,355)	(832,355)
Other comprehensive income:						
Revaluation of intangible fixed assets		-	-	1,000,971	-	1,000,971
Total comprehensive income for the year		-	-	1,000,971	(832,355)	168,616
Balance at 31 December 2016		517,612	10,161,734	1,000,971	(12,643,534)	(963,217)

METAFORIC LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	19	666,450		60,865	
Income taxes (paid)/refunded		-		49,718	
Net cash inflow from operating activities		666,450		110,583	
Investing activities					
Proceeds on disposal of intangibles		78,886		-	
Purchase of tangible fixed assets		(4,881)		(17,230)	
Net cash generated from/(used in) investing activities		74,005		(17,230)	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		740,455		93,353	
Cash and cash equivalents at beginning of year		257,310		163,957	
Cash and cash equivalents at end of year		997,765		257,310	

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Metaforic Limited is a private company limited by shares incorporated in Scotland. The registered office is 146 West Regent Street, Glasgow, G2 2RQ.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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

These financial statements are not prepared on the going concern basis. The company is no longer a going concern, because it is in the process of selling the patents to the ultimate parent company and hiving up the remaining assets and trade to the immediate parent company.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business 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 if the fair value can be measured reliably.

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

Patents	5 years
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The company is currently in the process of selling the patents to the ultimate parent company. Therefore, the patents have been revalued at 31 December 2016 to the value for which they are to be sold for.

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.

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:

Land and buildings Leasehold	5 years
Fixtures, fittings & equipment	5 years
Plant and machinery	3 to 4 years

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.

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

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.

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1.10 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 receipts 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue 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.

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

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.16 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.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Income from group companies	149,455	78,447
Income from non-group companies	663,418	2,300,896
	<u>812,873</u>	<u>2,379,343</u>
Other significant revenue		
Grants received	<u>25,107</u>	<u>-</u>

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
UK	69,488	70,046
Outside the UK	743,385	2,309,297
	<u>812,873</u>	<u>2,379,343</u>

4 Operating (loss)/profit

	2016 £	2015 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	45,252	(101,777)
Government grants	(25,107)	-
Fees payable to the company's auditor for the audit of the company's financial statements	10,308	26,062
Depreciation of owned tangible fixed assets	8,797	10,122
Amortisation of intangible assets	211,281	211,281
Operating lease charges	15,050	32,375
	<u></u>	<u></u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Research and development	11	10
Administration	1	1
	<u>12</u>	<u>11</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	754,530	617,992
Social security costs	83,110	81,776
Pension costs	30,061	25,862
	<u>867,701</u>	<u>725,630</u>

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Amounts written off investments

	2016 £	2015 £
Other gains and losses	88,196	-

7 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	(40,644)	(40,840)
Adjustments in respect of prior periods	40,840	53,049
Total current tax	196	12,209

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
(Loss)/profit before taxation	(832,159)	750,340
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(166,432)	150,068
Tax effect of expenses that are not deductible in determining taxable profit	(17,140)	126
Tax effect of utilisation of tax losses not previously recognised	-	(159,067)
Unutilised tax losses carried forward	140,533	-
Permanent capital allowances in excess of depreciation	43,039	(1,422)
Research and development tax credit	(40,644)	(30,545)
Under/(over) provided in prior years	40,840	53,049
Taxation for the year	196	12,209

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Intangible fixed assets

	Patents £
Cost or valuation	
At 1 January 2016	1,056,406
Revaluation	343,594
	<hr/>
At 31 December 2016	1,400,000
	<hr/>
Amortisation and impairment	
At 1 January 2016	367,210
Amortisation charged for the year	211,281
Eliminated on revaluation	(578,491)
	<hr/>
At 31 December 2016	-
	<hr/>
Carrying amount	
At 31 December 2016	1,400,000
	<hr/>
At 31 December 2015	689,196
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The company is currently in the process of selling the patents to the ultimate parent company. Therefore, the patents have been revalued at 31 December 2016 to the value for which they are to be sold for.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £	2015 £
Cost	1,056,406	1,056,406
Accumulated amortisation	578,491	367,210
	<hr/>	<hr/>
Carrying value	477,915	689,196
	<hr/>	<hr/>

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2016	26,561	94,419	21,735	142,715
Additions	-	4,881	-	4,881
At 31 December 2016	26,561	99,300	21,735	147,596
Depreciation and impairment				
At 1 January 2016	24,591	86,952	12,943	124,486
Depreciation charged in the year	1,970	4,239	2,588	8,797
At 31 December 2016	26,561	91,191	15,531	133,283
Carrying amount				
At 31 December 2016	-	8,109	6,204	14,313
At 31 December 2015	1,970	7,467	8,792	18,229

10 Fixed asset investments

	2016 £	2015 £
Investments in subsidiaries	-	-

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016	503,111
Disposals	(503,111)
At 31 December 2016	-
Impairment	
At 1 January 2016	503,111
Disposals	(503,111)
At 31 December 2016	-
Carrying amount	
At 31 December 2016	-
At 31 December 2015	-

11 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	196,507	240,144
Carrying amount of financial liabilities		
Measured at amortised cost	3,727,384	2,483,034

12 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	194,869	240,144
Corporation tax recoverable	40,644	40,840
Other debtors	105,415	96,240
Prepayments and accrued income	33,618	28,729
	374,546	405,953

Trade debtors disclosed above are measured at amortised cost.

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	21,317	14,131
Amounts due to group undertakings	2,347,501	1,195,558
Other taxation and social security	22,457	19,487
Other creditors	3,113	3,882
Accruals and deferred income	1,355,453	1,269,463
	<u>3,749,841</u>	<u>2,502,521</u>

14 Deferred taxation

There were no deferred tax movements in the year.

Deferred tax is not recognised in respect of tax losses of £3,472,043 (2015: £2,769,378) as it is not probable that they will be recovered against future taxable profits.

15 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>30,061</u>	<u>25,862</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
5,176,116,234 Ordinary shares of £0.0001 each	<u>517,612</u>	<u>517,612</u>

17 Operating lease commitments

Lessee

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

	2016 £	2015 £
Within one year	34,387	9,854
Between two and five years	<u>151,687</u>	<u>-</u>
	<u>186,074</u>	<u>9,854</u>

METAFORIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Controlling party

The immediate parent company is INSIDE Secure UK Limited.

The ultimate parent company is INSIDE Secure S.A., a company registered in France.

INSIDE Secure S.A. prepares consolidated financial statements and copies can be obtained from its registered office, Artparc Bachasson, Rue de la carrier de Bacxhasson, Meyreuil, 13590, France.

19 Cash generated from operations

	2016 £	2015 £
(Loss)/profit for the year after tax	(832,355)	738,131
Adjustments for:		
Taxation charged	196	12,209
Amortisation and impairment of intangible assets	211,281	211,281
Depreciation and impairment of tangible fixed assets	8,797	10,122
Amounts written off investments	(88,196)	-
Movements in working capital:		
Decrease in debtors	31,211	29,847
Increase/(decrease) in creditors	1,335,516	(940,725)
Cash generated from operations	<u>666,450</u>	<u>60,865</u>