

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
VIZOLUTION LIMITED

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Consolidated Income Statement	10
Consolidated Other Comprehensive Income	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Cash Flow Statement	16
Notes to the Consolidated Cash Flow Statement	17
Notes to the Consolidated Financial Statements	18

VIZOLUTION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS: W W Safran
R G J Billordo
A J Samuel
R C M Wigley
Ms T H Y Kwong

REGISTERED OFFICE: Ground Floor, Office Block A
Bay Studio Business Park
Fabian Way
Swansea
SA1 8QB

REGISTERED NUMBER: 06699620 (England and Wales)

AUDITORS: Walker Thompson Ltd
Statutory Auditor
Empress House
43A Binley Road
Coventry
CV3 1HU

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

REVIEW OF BUSINESS

The principal activity of the Group during the year was the development of its proprietary software platform and digital tools, and the resultant service delivery focussed on helping enterprises turn complex customer journeys into effortless experiences, by replicating face to face interactions in remote channels.

Vizolution allows clients to interact with their customers remotely and digitally send, receive, sign and store documents securely and in real time. This enables clients to streamline the documentation necessary to support transactions with their customer without the need for traditional time-consuming interactions, this not only reduces the customer journey but also enhances the customer experience.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of potential risks which may have a material impact on reputation, financial, and operational performance. The Board of Directors formally reviews and maintains appropriate processes to monitor and mitigate these risks. The key areas of on-going risk management are set out below:

Competition risks

Developments in technology provide new challenges and competition. The Group mitigates these risks by seeking continuous feedback on product performance and making enhancements to channel its Research and Development efforts; and building strong customer relationships with its clients.

Cybersecurity and security breaches

The Group's software may be at risk from cyberattacks and security breaches of the Group's or client's systems. The Group mitigates these risks by

- employing security and testing measures for the software it deploys to avert security breaches and protect proprietary information,
- having dedicated teams, robust systems and rigorous ISO 27001 certified processes to mitigate cyber threats, and
- having up-to-date policies in place to ensure effective data management in accordance with GDPR.

Revenue concentration

There is a risk of loss of significant licensing contracts to a competitor or alternative in-house systems as the clients seek to reduce operating costs. Historically, the Group has not experienced a significant loss of major contracts. Concentration risk within major accounts is managed by having pro active relationships with those clients and seeking opportunities to expand the adoption and journey use cases to ensure we are a critically valuable part of their infrastructure. In addition, the company is looking to diversify the risk by expanding in to new markets, especially those that are now viable with a reduced cost offering.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS AND PERFORMANCE

Prior to 2020 Vizolution experienced several years of exponential growth. The onset of the pandemic in 2020 brought a refocus by the business on providing its clients with standard solutions that generated the same outcome with considerably reduced customisation. Vizolution embarked on its 'North Star' programme to make its solutions more configurable so that they could be implemented faster, easier and cheaper by its clients.

This new approach, created a greater focus on recurring revenue and naturally reduced the level of professional services revenue charged by Vizolution. As a result of the shift in the balance of professional services to licence revenue, total revenue reduced by 11.3% to £7.8M. Similarly administrative expenses were reduced by 16.3% to £1.8M.

Operating loss reduced to £1.5M in the year (2020: £2.2M), and included £1.5M in Research and Development (2020:£1.6M).

The global contact centre software market is very large and increasingly clients are looking for omni channel solutions that combine the best of various digital technologies with their physical assets. Vizolution's suite of products allow their clients to configure such multi touch journeys for their customers and improve business performance. The Group's solutions are becoming increasingly relevant and the directors predict that revenue and profitability will improve significantly over the coming years.

RESULTS AND DIVIDENDS

The net loss for the year is £1,560,233 (2020: £2,061,021). The Directors do not recommend the payment of a dividend.

GOING CONCERN

The Group has negative net assets and has been loss making during a phase in which it has invested in revenue growth and the development of its products. Trading losses have reduced in successive years and will continue to do so in 2022. The group has £3.8M of cash at the 31 December 2021, and as a result the Directors have confidence that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

ON BEHALF OF THE BOARD:

W W Safran - Director

26 August 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

W W Safran
R G J Billordo
A J Samuel

Other changes in directors holding office are as follows:

Ms G H Lacey - resigned 12 May 2021
M Sard Bauza - resigned 30 September 2021
R C M Wigley - appointed 25 March 2021
Ms T H Y Kwong - appointed 12 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

W W Safran - Director

26 August 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VIZOLUTION LIMITED

Opinion

We have audited the financial statements of Vizolution Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2021 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the Covid-19 pandemic on our audit

Uncertainties related to the effects of another outbreak of Covid -19 and any future subsequent restrictions are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, valuation of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

The Covid-19 outbreak has been a significant economic event for the world, and at the date of this report the effects of any future restrictions are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group of companies and this is particularly the case in relation to any future Covid-19 outbreaks and subsequent restrictions. .

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VIZOLUTION LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VIZOLUTION LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Based on our understanding of the Group and industry, and through discussion with the directors and other management (as required by auditing standards) we identified that the principal risks on non-compliance with laws and regulations related to those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications on non-compliance throughout the audit.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting journal entries to increase profits or reclassify costs and management bias in accounting estimates and disclosure.

Audit procedures performed by the Group auditors included:-

- discussions with management, relating to known or suspected instances on non-compliance with laws and regulations and fraud
- identifying and testing unusual journal entries
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VIZOLUTION LIMITED

Use of our report

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 a Report of the Auditors 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.

Kim Marie Knowles (Senior Statutory Auditor)
for and on behalf of Walker Thompson Ltd
Statutory Auditor
Empress House
43A Binley Road
Coventry
CV3 1HU

26 August 2022

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

**CONSOLIDATED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
TURNOVER	4	7,837,980	8,832,586
Administrative expenses		<u>9,353,566</u> (1,515,586)	<u>11,171,892</u> (2,339,306)
Other operating income		<u>-</u>	<u>173,000</u>
OPERATING LOSS	6	<u>(1,515,586)</u>	<u>(2,166,306)</u>
Interest payable and similar expenses	7	<u>591,891</u> (2,107,477)	<u>391,028</u> (2,557,334)
LOSS BEFORE TAXATION			
Tax on loss	8	<u>(543,219)</u>	<u>(496,313)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,564,258)</u>	<u>(2,061,021)</u>
Loss attributable to: Owners of the parent		<u>(1,564,258)</u>	<u>(2,061,021)</u>

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

**CONSOLIDATED
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

Notes	2021 £	2020 £
LOSS FOR THE YEAR	(1,564,258)	(2,061,021)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation	(130)	(1,848)
Income tax relating to other comprehensive income	<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>(130)</u>	<u>(1,848)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,564,388)</u>	<u>(2,062,869)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(1,564,388)</u>	<u>(2,062,869)</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	10		2,016		5,473
Tangible assets	11		164,642		191,531
Investments	12		-		-
			<u>166,658</u>		<u>197,004</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	4,885,638		3,818,151	
Cash at bank and in hand		<u>3,487,649</u>		<u>6,096,396</u>	
		<u>8,373,287</u>		<u>9,914,547</u>	
CREDITORS					
Amounts falling due within one year	14	<u>6,522,430</u>		<u>6,199,257</u>	
NET CURRENT ASSETS			<u>1,850,857</u>		<u>3,715,290</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,017,515		3,912,294
CREDITORS					
Amounts falling due after more than one year	15		(755,997)		(1,489,953)
CONVERTIBLE LOAN NOTES - FUTURE FUND					
NET LIABILITIES	19		<u>(4,792,101)</u>		<u>(4,374,648)</u>
			<u>(3,530,583)</u>		<u>(1,952,307)</u>
CAPITAL AND RESERVES					
Called up share capital	20		2,947		2,947
Share premium	21		11,702,957		11,702,957
Other reserves	21		-		46,530
Retained earnings	21		<u>(15,236,487)</u>		<u>(13,704,741)</u>
SHAREHOLDERS' FUNDS			<u>(3,530,583)</u>		<u>(1,952,307)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2022 and were signed on its behalf by:

W W Safran - Director

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

COMPANY BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	10		2,016		5,473
Tangible assets	11		164,642		191,531
Investments	12		-		-
			<u>166,658</u>		<u>197,004</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	4,889,017		3,818,151	
Cash at bank and in hand		<u>3,476,399</u>		<u>6,084,955</u>	
		8,365,416		9,903,106	
CREDITORS					
Amounts falling due within one year	14	<u>6,518,037</u>		<u>6,196,111</u>	
NET CURRENT ASSETS			<u>1,847,379</u>		<u>3,706,995</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,014,037		3,903,999
CREDITORS					
Amounts falling due after more than one year	15		(755,997)		(1,489,953)
CONVERTIBLE LOAN NOTES - FUTURE FUND					
NET LIABILITIES	19		<u>(4,792,101)</u>		<u>(4,374,648)</u>
			<u>(3,534,061)</u>		<u>(1,960,602)</u>
CAPITAL AND RESERVES					
Called up share capital	20		2,947		2,947
Share premium	21		11,702,957		11,702,957
Retained earnings	21		<u>(15,239,965)</u>		<u>(13,666,506)</u>
SHAREHOLDERS' FUNDS			<u>(3,534,061)</u>		<u>(1,960,602)</u>
Company's loss for the financial year			<u>(1,559,571)</u>		<u>(2,797,029)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 August 2022 and were signed on its behalf by:

W W Safran - Director

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2020	2,947	(11,656,758)	11,702,957	48,378	97,524
Changes in equity					
Deficit for the year	-	(2,061,021)	-	-	(2,061,021)
Other comprehensive income	-	-	-	(1,848)	(1,848)
Total comprehensive income	-	(2,061,021)	-	(1,848)	(2,062,869)
Credit relating to equity-settled share- based payments	-	13,038	-	-	13,038
Balance at 31 December 2020	<u>2,947</u>	<u>(13,704,741)</u>	<u>11,702,957</u>	<u>46,530</u>	<u>(1,952,307)</u>
Changes in equity					
Deficit for the year	-	(1,564,258)	-	-	(1,564,258)
Other comprehensive income	-	46,400	-	(46,530)	(130)
Total comprehensive income	-	(1,517,858)	-	(46,530)	(1,564,388)
Credit relating to equity-settled share- based payments	-	(13,888)	-	-	(13,888)
Balance at 31 December 2021	<u>2,947</u>	<u>(15,236,487)</u>	<u>11,702,957</u>	<u>-</u>	<u>(3,530,583)</u>

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2020	2,947	(10,882,515)	11,702,957	823,389
Changes in equity				
Credit relating to equity-settled share- based payments	-	13,038	-	13,038
Total comprehensive income	-	(2,797,029)	-	(2,797,029)
Balance at 31 December 2020	<u>2,947</u>	<u>(13,666,506)</u>	<u>11,702,957</u>	<u>(1,960,602)</u>
Changes in equity				
Credit relating to equity-settled share- based payments	-	(13,888)	-	(13,888)
Total comprehensive income	-	(1,559,571)	-	(1,559,571)
Balance at 31 December 2021	<u>2,947</u>	<u>(15,239,965)</u>	<u>11,702,957</u>	<u>(3,534,061)</u>

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	(2,412,692)	(1,034,254)
Tax credit		544,753	582,365
Net cash from operating activities		<u>(1,867,939)</u>	<u>(451,889)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,945)	(16,000)
Sale of tangible fixed assets		-	2,592
Net cash from investing activities		<u>(9,945)</u>	<u>(13,408)</u>
Cash flows from financing activities			
New loans		-	1,000,000
Loan repayments		(556,426)	(72,402)
Interest paid		(170,119)	(176,866)
Convertible loan notes		-	4,174,500
Net cash from financing activities		<u>(726,545)</u>	<u>4,925,232</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,604,429)</u>	<u>4,459,935</u>
Cash and cash equivalents at beginning of year	2	6,096,396	1,650,475
Effect of foreign exchange rate changes		(4,318)	(14,014)
Cash and cash equivalents at end of year	2	<u>3,487,649</u>	<u>6,096,396</u>

The notes form part of these financial statements

VIZOLUTION LIMITED (REGISTERED NUMBER: 06699620)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Loss before taxation	(2,107,477)	(2,557,334)
Depreciation charges	40,291	95,883
Profit on disposal of fixed assets	-	(298)
Share based payments	(13,888)	13,038
Net foreign exchange differences	(131)	(1,848)
Finance costs	591,891	391,028
	<u>(1,489,314)</u>	<u>(2,059,531)</u>
(Increase)/decrease in trade and other debtors	(1,069,021)	1,172,342
Increase/(decrease) in trade and other creditors	145,643	(147,065)
Cash generated from operations	<u><u>(2,412,692)</u></u>	<u><u>(1,034,254)</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>3,487,649</u>	<u>6,096,396</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>6,096,396</u>	<u>1,650,475</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
Net cash			
Cash at bank and in hand	<u>6,096,396</u>	<u>(2,608,747)</u>	<u>3,487,649</u>
	<u>6,096,396</u>	<u>(2,608,747)</u>	<u>3,487,649</u>
Debt			
Debts falling due within 1 year	(556,840)	(110,949)	(667,789)
Debts falling due after 1 year	<u>(1,370,759)</u>	<u>667,375</u>	<u>(703,384)</u>
	<u>(1,927,599)</u>	<u>556,426</u>	<u>(1,371,173)</u>
Total	<u>4,168,797</u>	<u>(2,052,321)</u>	<u>2,116,476</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATUTORY INFORMATION

Vizolution Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

At the balance sheet date, the group had net current assets of £1,839,440 and long-term liabilities of £5,525,485 principally consisting of Convertible Loan Notes of £4,792,101 which mature in July 2023.

The directors have reviewed the company's current financial situation, expected liabilities and cash outflows arising from its activities over the next 12 month period and are confident that the company has sufficient cash to meet its existing and potential liabilities as they fall due. The directors have sufficient visibility over the progress of trading to support such judgement, given that significant revenues over this period come from existing contracts.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

Vizolution Limited disclosure exemptions

In preparing the separate financial statements of Vizolution Limited (the "Company"), advantage has been taken of the following disclosure exemptions available in FRS 102:

-No cash flow statement has been presented for the Company;

-Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and

-No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Vizolution Limited and its subsidiary ("the Group") as if they formed a single entity. Intergroup transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Turnover

Vizolution generates revenue primarily from the provision of its CX-technology (software) and professional services where the client requires consultancy services to, for example, develop, customise, integrate and enhance its internal systems, platforms and digital tools

Revenue is recognised once a legally binding contract has been established between the company and the customer, and the delivery of the service has commenced, and only providing the amount of revenue can be measured reliably and it is probable that the company will receive consideration.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales taxes.

Software

Licence fees, support and maintenance revenues are bundled together because the revenue streams have no individual value as standalone items due to the specific nature of the software and its connected services. As such, these elements are considered as being intertwined and inseparable due to their value together.

Maintenance is incurred throughout the term of the licence on an ongoing basis. Support is provided throughout the licence period and varies depending on product usage, performance and customer requirements.

Revenue is priced as either fixed license fee or on a cost per usage basis (e.g. completed transactions or number of licenced users).

Revenue from fixed priced licences is recognised on an accrual basis and when invoiced in advance, the income is deferred on the balance sheet and recognised in the statement of comprehensive income on a straight line basis from the licence start date and over the term of the licence, which is also the period in which the services are rendered.

Revenue from cost per usage contracts is recognised in the statement of comprehensive income on an accrual basis according to the volumes handled in such period, taking into consideration minimum commitment fees.

Professional services

Professional service revenues are recognised when the service has been delivered. If billed in advance, the amount related to consultancy days not yet delivered at the end of the period is deferred on the balance sheet and recognised in the statement of comprehensive income as the service takes place.

Intangible assets

Website costs are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Website costs are being amortised evenly over their estimated useful life of three years. Amortisation is charged to Administrative expenses in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets consist of leasehold improvements, fixtures and furniture, office and IT equipment. These assets are initially recognised at cost including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the assets.

Improvements to property - Straight line over period of the lease

Fixtures and fittings - Straight line over 24 months

Office equipment - Straight line over 24 months

Fixed assets are tested annually for impairment. Any impairment charge is recognised in administrative expenses within the Income Statement in the year in which it occurs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets held by the company include trade and other receivables, loans to group undertakings as well as cash and cash equivalents, which are initially recognised at transactions price, unless the arrangement constitutes a financing transaction.

Due to their short term nature, the carrying value of financial assets approximate their fair value after impairment charges for amounts with low likelihood of recoverability.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business and are stated net of any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default, or significant delay in payment) that the Group would be unable to collect all of the amounts due. The amount of such provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. The impairment loss is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturity of three months or less.

Financial liabilities

Financial liabilities include trade and other payables and loans. All financial liabilities are initially recognised at fair value including directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment are due within one year. If not, they are presented as non-current liabilities.

Convertible loan notes - Future Fund

Convertible loan notes taken out through the government Future Fund scheme are long-term loans with an equity conversion option.

These instruments are compound debt instruments and therefore accounted for as two separate elements: the debt component (a financial liability) and the option to convert into shares at a later date (a derivative classed as an equity instrument).

On issuing of convertible debt, the company has to allocate the proceeds between the liability and equity components. To make the allocation, the company has to first determine the value of the liability as the fair value of a similar liability that does not have a conversion feature or similar associated equity component, with the residual amount to be allocated to equity. Transaction costs are proportionally allocated to the debt and equity components at their relative fair values.

Separation of the convertible loan is made on initial recognition and not revised in subsequent periods. The liability is subsequently measured at amortised cost using the effective interest method. At the end of the financial year, the liability component is presented in the balance sheet within non-current liabilities as long as the trigger for repayment or conversion of the debt is not expected to occur in the subsequent 12 months following the end of the financial year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is expensed in the year in which it is incurred.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling Pound, which is the Company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'interest receivable and similar income'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Share-based payments

Certain employees participate in the Group's share option scheme which provides additional remuneration for those employees who are considered key to the operations of the Group. The award is given in the form of shares options ('equity-settled transactions') in exchange for their services.

The Group has applied the requirements of FRS 102 Share-based Payments to all grants of equity instruments.

The options are granted with a fixed exercise price, are exercisable upon meeting certain market conditions and expire ten years after the date of grant. Employees are not entitled to dividends until the options are exercised. Vesting of the options is subject to continued employment with the Group until exercised (service vesting condition), otherwise the awards lapse.

The fair value of equity settled transactions with employees is measured by reference to the fair value of the equity instrument at the grant date which is determined by using a Black Scholes model, which is a generally accepted valuation method that uses market data to the greatest extent practicable to estimate what the price of those equity instruments would be on at grant date in an arm's length transaction.

The cost of equity-settled transactions is recognised as an expense in the Statement of Comprehensive Income with a corresponding increase in equity, over the period in which the service and any other performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). At each balance sheet date before vesting, the cumulative expense is recalculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of vesting conditions and the number of equity instruments that will ultimately vest. No expense or increase in equity is recognised for awards that do not ultimately vest.

Market conditions and other non-vesting conditions are taken into account in determining the fair value of the options at grant date, and are subsequently not adjusted for. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is met, provided that all other performance conditions are satisfied.

Investments in subsidiaries and associates

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In the opinion of the Directors, there are no estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Areas where estimates and judgements have been applied are disclosed below :

I. Amortisation of intangible assets

Management has had to apply judgement in estimating the useful economic lives of the intangible assets after taking into consideration pace of technological change in the sector and estimated net present value of economic benefits derived from the asset.

II. Fair value of fixed and intangible assets

Management has had to apply estimation in determining whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

III. Lease commitments

Management has had to apply judgement to determine whether leases entered into by the group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

4. TURNOVER

The whole of the Group's revenue is attributable to the provision of services relating to the performance obligations satisfied from contracts with customers, the principal activity of the Group.

26.5% of the company's turnover was derived from overseas markets (2020: 38.2%).

	2021	2020
	£	£
UK	5,762,948	5,455,767
Europe	955,282	1,735,849
Rest of the world	1,119,750	1,640,970
	<u>7,837,980</u>	<u>8,832,586</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. EMPLOYEES AND DIRECTORS

Staff costs including directors emoluments comprise:

	2021	2020
	£	£
Wages and salaries	5,656,268	6,497,220
Social security costs	647,951	723,384
Other pension costs	436,356	566,139
Directors' fees	25,000	60,000
Share-based payments	(13,888)	13,038
Contractor fees and other staff costs	562,451	735,058
	<u>7,314,138</u>	<u>8,594,839</u>

The average number of employees during the year was as follows:

	2021	2020
Sales and Marketing	15	19
Development	48	55
Delivery, IT and Operations	34	48
Management and Admin	9	6
	<u>106</u>	<u>128</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 0 (2020 - 1).

	2021	2020
	£	£
Directors' remuneration	425,800	488,716
Directors' pension contributions to money purchase schemes	<u>25,700</u>	<u>53,811</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid directors is as follows:

	2021	2020
	£	£
Emoluments etc	200,800	168,657
Pension contributions to money purchase schemes	<u>13,200</u>	<u>9,633</u>

Remunerations include all forms of consideration paid or payable for services received in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	37,720	92,425
Profit on disposal of fixed assets	(886)	(298)
Website amortisation	3,457	3,457
Foreign exchange differences	35,338	23,430
Auditors Remuneration	<u>9,000</u>	<u>9,000</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Loan interest	<u>591,891</u>	<u>391,028</u>

8. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2021	2020
	£	£
Current tax:		
R & D tax credit	(543,219)	(500,000)
Foreign tax paid	<u>-</u>	<u>3,687</u>
Tax on loss	<u>(543,219)</u>	<u>(496,313)</u>

Tax effects relating to effects of other comprehensive income

	Gross	2021	Tax	Net
	£		£	£
Foreign currency translation	<u>(130)</u>		<u>-</u>	<u>(130)</u>
		2020		
		Gross	Tax	Net
		£	£	£
Foreign currency translation	<u>(1,848)</u>		<u>-</u>	<u>(1,848)</u>

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

10. **INTANGIBLE FIXED ASSETS**

Group

	Website £
COST	
At 1 January 2021 and 31 December 2021	<u>10,370</u>
AMORTISATION	
At 1 January 2021	4,897
Amortisation for year	<u>3,457</u>
At 31 December 2021	<u>8,354</u>
NET BOOK VALUE	
At 31 December 2021	<u>2,016</u>
At 31 December 2020	<u>5,473</u>

Company

	Website £
COST	
At 1 January 2021 and 31 December 2021	<u>10,370</u>
AMORTISATION	
At 1 January 2021	4,897
Amortisation for year	<u>3,457</u>
At 31 December 2021	<u>8,354</u>
NET BOOK VALUE	
At 31 December 2021	<u>2,016</u>
At 31 December 2020	<u>5,473</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

11. **TANGIBLE FIXED ASSETS**

Group

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 January 2021	247,418	59,660	346,966	654,044
Additions	-	-	10,831	10,831
At 31 December 2021	<u>247,418</u>	<u>59,660</u>	<u>357,797</u>	<u>664,875</u>
DEPRECIATION				
At 1 January 2021	70,814	59,352	332,347	462,513
Charge for year	24,252	308	13,160	37,720
At 31 December 2021	<u>95,066</u>	<u>59,660</u>	<u>345,507</u>	<u>500,233</u>
NET BOOK VALUE				
At 31 December 2021	<u>152,352</u>	-	<u>12,290</u>	<u>164,642</u>
At 31 December 2020	<u>176,604</u>	<u>308</u>	<u>14,619</u>	<u>191,531</u>

Company

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 January 2021	247,418	59,660	346,967	654,045
Additions	-	-	10,831	10,831
At 31 December 2021	<u>247,418</u>	<u>59,660</u>	<u>357,798</u>	<u>664,876</u>
DEPRECIATION				
At 1 January 2021	70,814	59,352	332,348	462,514
Charge for year	24,252	308	13,160	37,720
At 31 December 2021	<u>95,066</u>	<u>59,660</u>	<u>345,508</u>	<u>500,234</u>
NET BOOK VALUE				
At 31 December 2021	<u>152,352</u>	-	<u>12,290</u>	<u>164,642</u>
At 31 December 2020	<u>176,604</u>	<u>308</u>	<u>14,619</u>	<u>191,531</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

12. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies that have been included in these consolidated financial statements are as follows:

Subsidiary:

Vizolution Inc.

Registered office: United States

Nature of business: Information technology consultancy activities

	% holding	
Class of shares:	2021	2020
Common Stock	100.00	100.00

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	1,750,527	680,007	1,750,527	680,007
Other debtors	950	9,778	950	9,778
Amounts owed by group undertakings	-	-	3,379	-
Grants receivable	503,182	504,716	503,182	504,716
Prepayments	231,728	200,220	231,728	200,220
Accrued income	2,399,251	2,423,430	2,399,251	2,423,430
	<u>4,885,638</u>	<u>3,818,151</u>	<u>4,889,017</u>	<u>3,818,151</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other loans (see note 16)	667,789	556,840	667,789	556,840
Trade creditors	344,247	239,169	343,880	238,804
Social security and other taxes	218,111	542,952	218,111	542,952
VAT	89,849	655,209	89,849	655,209
Other creditors	583,978	276,884	583,978	276,884
Accruals and deferred income	4,618,456	3,928,203	4,614,430	3,925,422
	<u>6,522,430</u>	<u>6,199,257</u>	<u>6,518,037</u>	<u>6,196,111</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other loans (see note 16)	703,384	1,370,759	703,384	1,370,759
VAT	-	56,231	-	56,231
Other creditors	52,613	62,963	52,613	62,963
	<u>755,997</u>	<u>1,489,953</u>	<u>755,997</u>	<u>1,489,953</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	<u>667,789</u>	<u>556,840</u>	<u>667,789</u>	<u>556,840</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	<u>639,647</u>	<u>667,375</u>	<u>639,647</u>	<u>667,375</u>
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>63,737</u>	<u>703,384</u>	<u>63,737</u>	<u>703,384</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable	operating leases
	2021	2020
	£	£
Within one year	106,126	116,463
Between one and five years	<u>8,433</u>	<u>23,819</u>
	<u>114,559</u>	<u>140,282</u>

Lease payments recognised as an expense:

2021	2020
£	£
<u>133,883</u>	<u>290,486</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other loans	<u>1,371,173</u>	<u>1,927,599</u>	<u>1,371,173</u>	<u>1,927,599</u>

The loan is secured by a fixed and floating charge on all present and future assets of the Group, including cash and accounts receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

19. CONVERTIBLE LOAN NOTES - FUTURE FUND

In July 2020, the Company issued convertible loan notes for £4,174,500 with a 36 months maturity. The notes can be converted into ordinary shares at the earliest of a qualifying financing event, exit or maturity. Due to the substance of the contract, rights and obligations of the company and option holders, the instrument was classified as a compound debt instrument, with the main debt component classed as a financial liability and the conversion feature classed as an equity component. The company has determined that the debt host liability's initial fair value equals its transaction price, and therefore there is no residual value to allocate to the equity element (ie the embedded equity derivative has a zero fair value). The instrument carries a 10% interest per annum which rolls into the convertible value of the financial liability. Total interest expense recognized in 2021 was £417,453 (2020: £200,148).

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
29,470,169	Ordinary	£0.0001	<u>2,947</u>	<u>2,947</u>

21. RESERVES

The Following describes the nature and purpose of each reserve within equity:

Share premium: Amount subscribed for share capital in excess of nominal value.

Retained earnings: all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Other reserves: Other reserves represent the foreign currency translation effect arising on consolidation of foreign subsidiaries

22. RELATED PARTY DISCLOSURES

Entities that provide key management personnel services to the entity

	2021	2020
	£	£
Purchases	40,655	40,780
Amount due to related party	<u>34,066</u>	<u>16,930</u>

23. ULTIMATE CONTROLLING PARTY

There was no ultimate controlling party at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

24. SHARE-BASED PAYMENT TRANSACTIONS

A reconciliation of share option movements over the year to 31 December 2021 is shown below:

	2021		2020	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
£	£			
Outstanding at 1st January	2,329,252	0.4964	1,765,085	0.6550
Granted	350,000	0.4012	1,018,700	0.4012
Forfeited	(215,250)	0.4106	(234,584)	0.8507
Lapsed	(575,559)	0.5187	(219,949)	0.6605
Outstanding at 31st December	<u>1,888,444</u>	<u>0.4817</u>	<u>2,329,252</u>	<u>0.4964</u>
Exercisable at 31st December	<u>1,668,444</u>	<u>0.4923</u>	<u>2,035,202</u>	<u>0.4978</u>

The total charge for the year was -£13,888 (2020: £13,038).

The company has a loan with IL2 who have a Warrant Instrument with Vizolution.

The warrants have the right to exercise a number of options, which at the balance sheet date totalled £227,469 (2020: £227,469)

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.