

Company registration number 04646508 (England and Wales)

VIRTALIS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

VIRTALIS LIMITED

COMPANY INFORMATION

Directors	Mr Robert Boers Mr Daniel Loughney
Company number	04646508
Registered office	Unit 3, First Floor Think Park Mosley Road Trafford Park Manchester M17 1FQ
Auditor	Lopian Gross Barnett & Co 1st Floor Cloister House Riverside, New Bailey Street Manchester M3 5FS
Business address	Unit 3, First Floor Think Park Mosley Road Trafford Park Manchester M17 1FQ
Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN

VIRTALIS LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 17

VIRTALIS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

The principal activity of the company continued to be the provision of virtual reality hardware and software.

Directors

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

Mr Robert Boers
Mr Daniel Loughney

Auditor

In accordance with the company's articles, a resolution proposing that Lopian Gross Barnett & Co be reappointed as auditor of the company will be put at a General Meeting.

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.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr Daniel Loughney
Director

2 November 2022

VIRTALIS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

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;
- 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.

VIRTALIS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRTALIS LIMITED

Opinion

We have audited the financial statements of Virtalis Limited (the 'company') for the period ended 30 June 2021 which comprise the profit and loss account, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 30 June 2022 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.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company 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.

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 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 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.

VIRTALIS LIMITED

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 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 directors' responsibilities statement, 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 is 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

VIRTALIS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VIRTALIS LIMITED

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of laws and regulations that affect the entity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations.
- Where considered necessary we enquired of those charged with governance, reviewed correspondence and reviewed meeting minutes for evidence of non-compliance with relevant laws and regulations.
- We gained an understanding of the controls environment which includes the controls in place to prevent and detect fraud. We enquired of those charged with governance about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures to assess compliance with relevant laws and regulations.
- We enquired of those charged with governance about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due 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, 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 fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations. A full description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.

Jason Selig BA ACA CTA DChA (Senior Statutory Auditor)
For and on behalf of Lopian Gross Barnett & Co

2 November 2022

Chartered Accountants
Statutory Auditor

1st Floor Cloister House
Riverside, New Bailey Street
Manchester
M3 5FS

VIRTALIS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	2021 £
Turnover	1,727,326	2,808,914
Cost of sales	(431,607)	(697,782)
	<hr/>	<hr/>
Gross profit	1,295,719	2,111,132
Administrative expenses	(4,973,136)	(4,585,942)
Other operating income	142,747	124,537
	<hr/>	<hr/>
Operating loss	(3,534,670)	(2,350,273)
Interest payable and similar expenses	(17,544)	(39,902)
	<hr/>	<hr/>
Loss before taxation	(3,552,214)	(2,390,175)
Tax on loss	263,127	177,416
	<hr/>	<hr/>
Loss for the financial year	(3,289,087)	(2,212,759)
	<hr/> <hr/>	<hr/> <hr/>

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

VIRTUALIS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		2,144,168		2,096,096
Tangible assets	5		183,868		281,343
Investments	6		20,329		20,329
			<u>2,348,365</u>		<u>2,397,768</u>
Current assets					
Stocks	8	259,992		160,364	
Debtors	9	2,228,365		2,965,689	
Cash at bank and in hand		318,588		83,245	
		<u>2,806,945</u>		<u>3,209,298</u>	
Creditors: amounts falling due within one year	10	<u>(10,936,240)</u>		<u>(7,774,246)</u>	
Net current liabilities			<u>(8,129,295)</u>		<u>(4,564,948)</u>
Total assets less current liabilities			<u>(5,780,930)</u>		<u>(2,167,180)</u>
Creditors: amounts falling due after more than one year	11		(108,864)		(169,646)
Provisions for liabilities	13		<u>(251,772)</u>		<u>(264,577)</u>
Net liabilities			<u>(6,141,566)</u>		<u>(2,601,403)</u>
Capital and reserves					
Called up share capital			80,329		80,329
Share premium account			26,868		26,868
Profit and loss reserves			<u>(6,248,763)</u>		<u>(2,708,600)</u>
Total equity			<u>(6,141,566)</u>		<u>(2,601,403)</u>

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

The financial statements were approved by the board of directors and authorised for issue on 2 November 2022 and are signed on its behalf by:

Mr Daniel Loughney
Director

Company Registration No. 04646508

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Virtalis Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3, First Floor, Think Park, Mosley Road, Trafford Park, Manchester, M17 1FQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group. The results for the Company are consolidated within Virtalis Holdings Limited, its Parent Company.

1.2 Going concern

Despite the loss making position in both periods management still consider the Group to be a going concern due to the financial support made available by its majority shareholder, Alpina Technology Fund GmbH & Co. KG (formerly Alpina Partners (Scotgp) LP).. Future financial support will be determined by the investment committee of Alpina Technology Fund GmbH & Co. KG (formerly Alpina Partners (Scotgp) LP) on the basis of the terms of any further investment and the particular circumstances of the Group at the relevant time.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue and profits are recognised at the date of despatch of goods or provision of software licences or services.

Developments of applications and installations of systems are not normally treated as long-term contracts as they are relatively short in duration and consist of a mixture of supplying goods and providing installation and consultancy services.

When developments are of sufficient duration or materiality to be accounted for as long term contracts, revenue is recognised when contractually agreed milestones are achieved with attributable costs in line with the total anticipated profit. Costs include all goods and labour costs incurred in bringing a contract to its state of completion at the period end, including an appropriate portion of indirect expenses. Any provisions required for estimated losses on contracts are made in the period in which such losses are foreseen. Long-term work in progress is stated net of payments received on account.

In the case of maintenance and support contracts, revenue is recognised over the term of the maintenance period.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

1.4 Intangible fixed assets other than goodwill

Development Costs Straight line over 5 years

Research expenditure is charged to the profit and loss account in the year in which it is incurred.

Development expenditure is charged to the profit and loss account in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure relating to relevant staff costs, on-costs and benefits as well as materials and services consumed is capitalised and amortised over the period during which the company is expected to benefit, matched to the levels of turnover generated and commencing when sales of the product are first made, but not exceeding five years.

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	Straight line over 5 years
Plant and machinery	Straight line over 3 or 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.

Assets which are held under finance leases are separately depreciated over their lease term which is 4-5 years.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Stocks

Stock and work in progress is stated at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

1.8 Cash at bank and in hand

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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is provided on all timing differences that result in an obligation at the balance sheet date to pay more tax in the future or a right to pay less tax in the future at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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

The company operates a defined contribution scheme for the benefit of its employees, which is financially independent from the company. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Where the unavoidable costs of meeting obligations under a lease exceed the economic benefits expected to be received, the lease is considered to be an onerous contract and the present obligation under such a contract is measured and recognised as a provision.

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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

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 in the period are included in profit or loss.

1.18 Contingent liabilities

A contingency is a possible asset or liability that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. A contingent liability also arises from a present obligation that arises from past events but cannot be recognised because it is not probable that economic outflow will be required to settle the obligation or the amount cannot be reliably estimated.

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 Employees

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

	2022 Number	2021 Number
Total	57	44

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

4 Intangible fixed assets	Development costs £	
Cost		
At 1 July 2021		6,082,160
Additions		840,277
At 30 June 2022		<u>6,922,437</u>
Amortisation and impairment		
At 1 July 2021		3,986,064
Amortisation charged for the year		792,205
At 30 June 2022		<u>4,778,269</u>
Carrying amount		
At 30 June 2022		<u>2,144,168</u>
At 30 June 2021		<u>2,096,096</u>
		<u>2,096,096</u>

5 Tangible fixed assets	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 July 2021	167,055	763,810	930,865
Additions	-	44,562	44,562
At 30 June 2022	<u>167,055</u>	<u>808,372</u>	<u>975,427</u>
Depreciation and impairment			
At 1 July 2021	74,265	575,257	649,522
Depreciation charged in the year	27,409	114,628	142,037
At 30 June 2022	<u>101,674</u>	<u>689,885</u>	<u>791,559</u>
Carrying amount			
At 30 June 2022	<u>65,381</u>	<u>118,487</u>	<u>183,868</u>
At 30 June 2021	<u>92,790</u>	<u>188,553</u>	<u>281,343</u>
	<u>92,790</u>	<u>188,553</u>	<u>281,343</u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

5 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022	2021
	£	£
Computer equipment	69,353	106,244
Other assets	67,760	89,236
	<u>137,113</u>	<u>195,480</u>

6 Fixed asset investments

	2022	2021
	£	£
Shares in group undertakings and participating interests	<u>20,329</u>	<u>20,329</u>

The company holds 100% of the issued share capital of Virtualis Inc, being \$1,000, a company incorporated in the United States, 100% of the issued share capital of Virtualis GmbH, being €25,000, a company incorporated in Germany, and 100% of the issued share capital of Virtualis Sdn Bhd, being RM100, a company incorporated in Malaysia.

7 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Virtualis GmbH	Germany	Ordinary	100.00
Virtualis Inc	United States	Common	100.00
Virtualis Sdn Bhd	Malaysia	Ordinary	100.00

8 Stocks

	2022	2021
	£	£
Stocks	<u>259,992</u>	<u>160,364</u>

9 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	173,984	517,426
Corporation tax recoverable	282,616	821,812
Amounts owed by group undertakings	1,606,618	1,526,062
Other debtors	165,147	100,389
	<u>2,228,365</u>	<u>2,965,689</u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

10 Creditors: amounts falling due within one year

		2022	2021
		£	£
Obligations under finance leases	12	85,199	85,199
Trade creditors		115,375	178,963
Amounts owed to group undertakings		9,355,128	5,955,888
Taxation and social security		125,568	167,223
Deferred income		922,068	954,467
Other creditors		5,376	4,246
Accruals		327,526	428,260
		<u>10,936,240</u>	<u>7,774,246</u>

11 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Obligations under finance leases	12	90,509	151,291
Other borrowings		18,355	18,355
		<u>108,864</u>	<u>169,646</u>

Other borrowings relate to redeemable preference shares

12 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	85,199	85,199
In two to five years	116,824	195,149
	<u>202,023</u>	<u>280,348</u>
Less: future finance charges	(26,315)	(43,858)
	<u>175,708</u>	<u>236,490</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and office fit out costs. No restrictions have been placed on the use of the assets and the average lease term is 4-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

13 Provisions for liabilities

	2022	2021
	£	£
Onerous Lease	251,772	264,577
	<u>251,772</u>	<u>264,577</u>
Movements on provisions:		Onerous Lease
		£
At 1 July 2021		264,577
Unwind of discount		(2,974)
Utilisation of provision		(29,794)
		<u>264,577</u>
At 30 June 2022		251,772
		<u>251,772</u>

Virtalis Ltd is contracted to repay rentals to the landlord of 79 Dane Road, despite no longer occupying the property. The property has been sub-let to recover value through rental income and the onerous lease provision has arisen as the cost of future rental payments the company is required to pay the landlord in its capacity as a lessee exceeds the rental income the company expects to receive in its capacity as a lessor.

The provision is calculated as the present value of expected net future losses over the life of the lease, which expires 28/11/2028. Apart from the rental income received, the client does not expect to receive any other income and therefore no reimbursement is expected in relation to the provision. The provision will be released as the net losses on the lease are realised in subsequent years.

14 Financial commitments, guarantees and contingent liabilities

At 30 June 2022, the company had contingent liabilities in relation to obligations under lease agreements to restore and make good the leased premises at the properties 79 Dane Road and First Floor Building 3, Think Money Office Campus. It is known that these costs must be incurred in the last three months of the period ending 28/11/2028 and 01/09/2029 for each lease respectively. Although this timing is certain, the value of these costs can not at present be reliably estimated. It is understood at present that no reimbursement will be received in relation to these costs.

15 Operating lease commitments

Lessee

At the reporting end date the company had contracted with with landlords for the following minimum lease payments:

	2022	2021
	£	£
	591,987	796,039
	<u>591,987</u>	<u>796,039</u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

15 Operating lease commitments (Continued)

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

2022	2021
£	£
40,780	106,595
<u>40,780</u>	<u>106,595</u>

16 Events after the reporting date

There were no post balance sheet events which required disclosure at the balance sheet date.

17 Related party transactions

There were no related party transactions which require disclosure.

18 Parent company

The Parent Company is Virtualis Holdings Limited whose registered office is Unit 3, First Floor, Think Park Mosley Road, Trafford Park, Manchester, England, M17 1FQ.

The Ultimate Controlling Party is Alpina Technology Fund Gmbh & Co. Kg (formerly Alpina Partners (Scotgp) LP)

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.