

REGISTERED NUMBER: 10379325 (England and Wales)

**FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023
FOR
VERTICAL FUTURE LIMITED**

VERTICAL FUTURE LIMITED (REGISTERED NUMBER: 10379325)

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FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023**

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VERTICAL FUTURE LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023**

DIRECTORS: J R Burrows
M Ferroni
F Nicolson
S R Page
A C Proctor
I Ures

SECRETARY: A M Harahap

REGISTERED OFFICE: 3 Creekside
London
SE8 4SA

REGISTERED NUMBER: 10379325 (England and Wales)

AUDITORS: Acuity Professional Partnership LLP
Unit 2.02
High Weald House
Glovers End
Bexhill
East Sussex
TN39 5ES

VERTICAL FUTURE LIMITED (REGISTERED NUMBER: 10379325)

**BALANCE SHEET
31 MARCH 2023**

		2023		2021 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	4		2,864,205		899,171
Tangible assets	5		1,878,657		190,512
Investments	6		99,750		-
			<u>4,842,612</u>		<u>1,089,683</u>
CURRENT ASSETS					
Stocks	7	2,503,393		15,000	
Debtors	8	6,751,792		589,414	
Cash at bank		4,747,698		<u>359,452</u>	
		<u>14,002,883</u>		963,866	
CREDITORS					
Amounts falling due within one year	9	1,542,405		<u>2,332,951</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>12,460,478</u>		<u>(1,369,085)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,303,090</u>		<u>(279,402)</u>
CAPITAL AND RESERVES					
Called up share capital	11		250		183
Share premium	12		26,765,795		5,146,361
Retained earnings	12		(9,462,955)		(5,425,946)
SHAREHOLDERS' FUNDS			<u>17,303,090</u>		<u>(279,402)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss Account has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 21 October 2023 and were signed on its behalf by:

J R Burrows - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023**

1. STATUTORY INFORMATION

Vertical Future 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 Company Information page.

The principal activity of the company in the period under review was that of a vertical farming technology and data company that designs, manufactures, and builds advanced vertical farms, encompassing proprietary hardware and software.

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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

REPORTING PERIOD

The company extended the financial year end by six months to 31 March 2023 to align with the HMRC April Tax year-end. The comparative amounts presented in the financial statements are therefore not entirely comparable.

GOING CONCERN

The company is now in a net asset position, which has only improved post year end, and on that basis the directors have concluded that the company is a going concern for at least 12 months following the signature of the financial statements. Accordingly, the directors have prepared the financial statements on a going concern basis.

CHANGES IN ACCOUNTING POLICIES

The following changes in accounting policies have been made in this reporting period.

The turnover recognition policy has been changed to recognise revenue from contracts over the period in which the services are provided. In prior years the income was recognised as it was invoiced.

A new accounting policy was introduced to capitalise development costs. In prior years the development costs had been written off to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

Full provision is made for all known or expected losses on individual contracts immediately, once such losses are foreseen.

INTANGIBLE ASSETS AND RESEARCH AND DEVELOPMENT COSTS

All intangible assets consist of capitalised research and development costs.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which has been estimated at 5 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

All intangible assets are considered to have a finite useful life.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	5% straight line
Plant and machinery	5% straight line
Motor vehicles	20% reducing balance
Fixtures and fittings	20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

TAXATION

Taxation for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023**

2. **ACCOUNTING POLICIES - continued**
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 period 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.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

DEBTORS

Short-term debtors are measured at transaction price, less any impairment.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

GOVERNMENT GRANTS

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the company used the furlough scheme. In addition to this, the company has also received the innovate UK grant. The income from the furlough and innovate UK scheme has been recognised within 'Other operating income'. The income is recognised when the company has reasonable assurance that they will comply with the conditions attached to the grant, and that the grant will be received.

INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

FINANCIAL ASSETS

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is identified, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and its recoverable amount, which is an estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date.

FINANCIAL LIABILITIES

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discontinued at a rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

The share premium account represents the amount above the nominal value received for shares issued less any transaction costs.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 46 (2021 - 20).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

4. INTANGIBLE FIXED ASSETS

	Development costs £
Cost	
At 1 October 2021	1,093,568
Additions	2,667,383
At 31 March 2023	<u>3,760,951</u>
Amortisation	
At 1 October 2021	194,397
Amortisation for period	702,349
At 31 March 2023	<u>896,746</u>
Net book value	
At 31 March 2023	<u>2,864,205</u>
At 30 September 2021	<u>899,171</u>

5. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 October 2021	82,792	58,056	102,320	15,500	258,668
Additions	-	1,599,949	91,694	139,538	1,831,181
Disposals	-	-	(19,344)	(22,878)	(42,222)
At 31 March 2023	<u>82,792</u>	<u>1,658,005</u>	<u>174,670</u>	<u>132,160</u>	<u>2,047,627</u>
Depreciation					
At 1 October 2021	8,279	11,455	39,218	9,204	68,156
Charge for period	4,568	64,318	28,719	24,275	121,880
Eliminated on disposal	-	-	(17,854)	(3,212)	(21,066)
At 31 March 2023	<u>12,847</u>	<u>75,773</u>	<u>50,083</u>	<u>30,267</u>	<u>168,970</u>
Net book value					
At 31 March 2023	<u>69,945</u>	<u>1,582,232</u>	<u>124,587</u>	<u>101,893</u>	<u>1,878,657</u>
At 30 September 2021	<u>74,513</u>	<u>46,601</u>	<u>63,102</u>	<u>6,296</u>	<u>190,512</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

6.	FIXED ASSET INVESTMENTS		Investments
			£
	Cost		
	Additions		<u>99,750</u>
	At 31 March 2023		<u>99,750</u>
	Net book value		
	At 31 March 2023		<u>99,750</u>
7.	STOCKS	2023	2021
			as restated
		£	£
	Stocks	<u>2,503,393</u>	<u>15,000</u>
8.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2023	2021
			as restated
		£	£
	Trade debtors	1,586,559	114,868
	Other debtors	<u>5,165,233</u>	<u>474,546</u>
		<u>6,751,792</u>	<u>589,414</u>
9.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2023	2021
			as restated
		£	£
	Trade creditors	1,086,238	3,234
	Other creditors	<u>456,167</u>	<u>2,329,717</u>
		<u>1,542,405</u>	<u>2,332,951</u>
10.	LEASING AGREEMENTS		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		2023	2021
			as restated
		£	£
	Within one year	568,214	147,520
	Between one and five years	1,353,456	494,533
	In more than five years	<u>514,627</u>	<u>-</u>
		<u>2,436,297</u>	<u>642,053</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2023	2021
Number:	Class:		£	as restated £
249,551	Ordinary shares	£.001	<u>250</u>	<u>183</u>

66,198 Ordinary shares shares of £.001 each were allotted as fully paid at a premium of 331.929 per share during the period.

12. RESERVES

Share premium account

The share premium account represents the amount above the nominal value received for shares issued less any transaction costs. During the year, the total share premium received was £21,973,036 (2021 - £446,702) excluding the transaction cost of £353,601 (2021 - £nil).

13. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Rachel Taylor FCA FMAAT (Senior Statutory Auditor)
for and on behalf of Acuity Professional Partnership LLP

14. CONTINGENT LIABILITIES

The company is undergoing a HMRC compliance check over the prior year's claim for R&D tax relief to check that the relief and credit has been claimed correctly. The company has been advised that it is possible, but not probable, that the compliance check may result in parts of the claim being invalid and therefore accordingly, no provision for any liability has been made in these financial statements. The compliance check is ongoing and therefore it is not practical to state the timing of any payment. It has been estimated that, if parts of the claim are considered invalid, the liability would be estimated as £280,000.

15. RELATED PARTY DISCLOSURES

At the year end, included within other creditors is an amount of £1,539 (debit)(2021: £938) due by a director of the company. This balance is interest free and repayable on demand.

16. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J Burrows by virtue of his majority shareholding.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

17. SHARE-BASED PAYMENT TRANSACTIONS

In 2020, the company established approved and unapproved Enterprise Management Incentive share option schemes. The share options were granted in March 2022 and September 2022.

The earliest date the Options can be exercised shall be on the occurrence of an exit (unless an earlier event occurs to cause it to lapse or to become exercisable).

The method of settlement is an equity-based share-based payment arrangement.

	Number of share options		Weighted average exercise price	
	2023 Number	2021 Number	2023 £	2021 £
Outstanding at 1 October	-	-	-	-
New options granted	17,699	-	81.62	-
Options expired/cancelled	(2,240)	-	82.23	-
Outstanding at 31 March 2023 / 30 September 2021	<u>15,459</u>	<u>-</u>	<u>81.53</u>	<u>-</u>
Exercisable at 31 March 2023 / 30 September 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 March 2023 had an exercise price of £61.09 and £97.63.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

During the year the company recognised total share-based payment expenses of £nil (2021 - £nil) which related to equity settled share based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 OCTOBER 2021 TO 31 MARCH 2023

18. PRIOR YEAR ADJUSTMENT

A prior period adjustment has been recorded in these financial statements in relation to a change in accounting policy for the recognition and measurement of turnover. The policy has been changed to recognise revenue from contracts over the period in which the services are provided. In prior years the income was recognised as it was invoiced.

The impact of this change in accounting policy has been to reduce the turnover recognised in the year ended 30 September 2021 by £301,677 and to increase the costs for the same period by £803,817.

The net impact of this change in accounting policy was to increase the net loss for the year ended 30 September 2021 by £1,105,493.

A second prior period adjustment has also been recorded in these financial statements in relation to a change in accounting policy to introduce a new policy of capitalising development costs. In prior years the development costs had been written off to the profit and loss account.

The impact of this change in accounting policy has been as follows:

Year ended 30 September 2020

- To create an intangible fixed asset of £338,510 (capitalised R&D costs of £379,638, less amortisation charge of £41,127).
- To reduce the loss made in the year by £338,510.

Year ended 30 September 2021

- To increase the intangible fixed asset by £560,660 (capitalised R&D costs of £713,930, less amortisation charge of £153,270).
- To reduce the loss made in the year by £560,660.

There has been no change to the tax charge for the years ended 30 September 2021 or 2020, apart from to increase the tax losses available to carry forward.

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.