

Vertical Future Limited

Registered number: 10379325

Information for filing with Registrar

For the year ended 30 September 2021

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	190,512	198,997
		<u>190,512</u>	<u>198,997</u>
Current assets			
Stocks	5	15,000	12,000
Debtors: amounts falling due after more than one year	6	81,610	-
Debtors: amounts falling due within one year	6	507,804	18,966
Cash at bank and in hand		359,456	1,939,372
		<u>963,870</u>	<u>1,970,338</u>
Creditors: amounts falling due within one year	7	(1,227,460)	(115,972)
Net current (liabilities)/assets		<u>(263,590)</u>	<u>1,854,366</u>
Total assets less current liabilities		<u>(73,078)</u>	<u>2,053,363</u>
Creditors: amounts falling due after more than one year	8	-	(60,432)
Net (liabilities)/assets		<u><u>(73,078)</u></u>	<u><u>1,992,931</u></u>
Capital and reserves			
Called up share capital	10	183	182
Share premium account	11	5,146,361	4,681,659
Profit and loss account	11	(5,219,622)	(2,688,910)
Total equity		<u><u>(73,078)</u></u>	<u><u>1,992,931</u></u>

VERTICAL FUTURE LIMITED
REGISTERED NUMBER: 10379325

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2021

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Burrows
Director

Date: 16 June 2022

The notes on pages 3 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. General information

Vertical Future Limited is a private company limited by shares and incorporated in England and Wales. Its registered number is 10379325. The address of its registered office is 3 Creekside, London, England, SE8 4SA.

The principal activity of the company is harnessing vertical farming techniques to cultivate food stuffs in urban environments.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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.

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements are prepared on a going concern basis. The company remains assured of the financial support provided by the company's majority shareholder. The directors have received confirmation that the majority shareholder will continue to support the company and provide it with adequate funds when necessary to enable it to meet its debts as they fall due for a period of at least twelve months from the date of these financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

2.3 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.4 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Research and development

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.

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.

2.6 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.

2.7 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.

2.8 Borrowing costs

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

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.

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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.

2.12 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.

2.13 Debtors

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

2.14 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.

2.15 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.

2.16 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.16 Financial instruments (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Financial liabilities

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

2.17 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

The average monthly number of employees, including the directors, during the year was 20 (2020: 26).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4. Tangible fixed assets

	Short-term leasehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 October 2020	82,792	58,056	15,500	86,413	242,761
Additions	-	-	-	15,907	15,907
At 30 September 2021	<u>82,792</u>	<u>58,056</u>	<u>15,500</u>	<u>102,320</u>	<u>258,668</u>
Depreciation					
At 1 October 2020	4,139	8,552	7,630	23,443	43,764
Charge for the year	4,140	2,903	1,574	15,775	24,392
At 30 September 2021	<u>8,279</u>	<u>11,455</u>	<u>9,204</u>	<u>39,218</u>	<u>68,156</u>
Net book value					
At 30 September 2021	<u>74,513</u>	<u>46,601</u>	<u>6,296</u>	<u>63,102</u>	<u>190,512</u>
At 30 September 2020	<u>78,653</u>	<u>49,504</u>	<u>7,870</u>	<u>62,970</u>	<u>198,997</u>

5. Stocks

	2021 £	2020 £
Raw materials and consumables	<u>15,000</u>	<u>12,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

6. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	<u>81,610</u>	<u>-</u>
Other debtors represent rent deposit.		
	2021 £	2020 £
Due within one year		
Trade debtors	114,868	14,634
Other debtors	389,353	4,332
Called up share capital not paid	88	-
Prepayments	3,495	-
	<u>507,804</u>	<u>18,966</u>

Included within other debtors is an amount of £341,769 which relates to an R&D tax credit. The amount was received in full post year end.

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	-	10,665
Other loans	530,000	-
Trade creditors	3,234	7,530
Other taxation and social security	44,020	28,353
Other creditors	15,738	45,206
Accruals	634,468	24,218
	<u>1,227,460</u>	<u>115,972</u>

The bank holds a fixed and floating charge over the property, assets and rights of the company. The rate of interest charged is 3.5% above Bank of England Base Rate. During the year, this was subsequently settled in full.

The short term other loan is interest only. The rate of interest charged is 13% per annum and was settled in full post year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

8. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	<u>-</u>	<u>60,432</u>

The bank holds a fixed and floating charge over the property, assets and rights of the company. The rate of interest charged is 3.5% above Bank of England Base Rate. During the year this was subsequently settled in full.

9. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	-	10,665
Other loans	530,000	-
Amounts falling due 1-2 years		
Bank loans	-	42,658
Amounts falling due after more than 5 years		
Bank loans	-	17,774
	<u>530,000</u>	<u>71,097</u>

The other loan is unsecured, interest bearing at 13% per annum. The other loan was repaid in full by January 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
183,353 (2020: 181,953) Ordinary shares of £0.001 each	<u>183</u>	<u>182</u>

On 11 August 2021, 644 ordinary shares of £0.001 each were allotted and fully paid at a consideration of £331.93 per share.

On 4 September 2021, 378 ordinary shares of £0.001 each were allotted and fully paid at a consideration of £331.93 per share.

On 17 September 2021, 302 ordinary shares of £0.001 each were allotted and fully paid at a consideration of £331.93 per share.

On 29 September 2021, 76 ordinary shares of £0.001 each were allotted and fully paid at a consideration of £331.93 per share.

The shares have attached to them full voting, dividend and capital distribution rights pari passu in proportion to the number of ordinary shares held.

11. 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 £464,702 (2020: £3,927,528) excluding the transaction cost of £nil (2020: £461,755).

12. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension contributions payable by the company to the fund amounted to £1,249 (2020: £1,677).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Commitments under operating leases

At 30 September 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	147,520	-
Later than 1 year and not later than 5 years	494,533	-
	<u>642,053</u>	<u>-</u>

14. Related party transactions

At the year end, included within other creditors is an amount of £938 (2020: £31,255) due to a director of the company. This balance is interest free and repayable on demand.

During the year, the company received an amount of £nil (2020: £3,717,293) in relation to the issue of shares from a former director of the company.

15. Post balance sheet events

After the year end, the company issued 66,198 ordinary shares of £0.001 each for a total consideration of £331.93 per share totaling £21,973,102.

The company also obtained further funding from external lenders.

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy.

16. Controlling party

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

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.