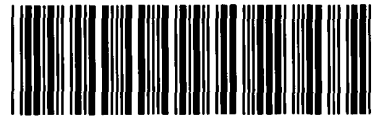


Company Registration No. 04646508 (England and Wales)

VIRTALIS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017
PAGES FOR FILING WITH REGISTRAR

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VIRTALIS LIMITED

COMPANY INFORMATION

Directors	Mr David Cockburn-Price Mr Andrew Connell Mr Steve Carpenter Mr Glyn Read (Non-executive chairman) Mr Simon Thelwall-Jones (Non-executive)
Secretary	Mr David Cockburn-Price
Company number	04646508
Registered office	Chester House 79 Dane Road Sale M33 7BP
Auditor	Lopian Gross Barnett & Co 6th Floor Cardinal House 20 St Mary's Parsonage Manchester M3 2LG
Business address	Chester House 79 Dane Road Sale M33 7BP

VIRTALIS LIMITED

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VIRTALIS LIMITED

BALANCE SHEET

AS AT 28 FEBRUARY 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Intangible assets	3	1,662,563		1,626,825	
Tangible assets	4	182,461		129,740	
Investments	5	20,329		20,329	
		<u>1,865,353</u>		<u>1,776,894</u>	
Current assets					
Stocks		142,941		148,088	
Debtors	6	3,466,979		2,019,421	
Cash at bank and in hand		843,086		1,084,986	
		<u>4,453,006</u>		<u>3,252,495</u>	
Creditors: amounts falling due within one year	7	<u>(1,674,534)</u>		<u>(1,455,421)</u>	
Net current assets		<u>2,778,472</u>		<u>1,797,074</u>	
Total assets less current liabilities		<u>4,643,825</u>		<u>3,573,968</u>	
Creditors: amounts falling due after more than one year	8	(18,355)		(18,355)	
Net assets		<u>4,625,470</u>		<u>3,555,613</u>	
Capital and reserves					
Called up share capital	9	80,329		80,329	
Share premium account		26,868		26,868	
Profit and loss reserves		4,518,273		3,448,416	
Total equity		<u>4,625,470</u>		<u>3,555,613</u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 9th May 2017 and are signed on its behalf by:



Mr David Cockburn-Price
Director

Company Registration No. 04646508

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

Company information

Virtalis Limited is a private company limited by shares incorporated in England and Wales. The registered office is Chester House, 79 Dane Road, Sale, M33 7BP.

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 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.

1.2 Going concern

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand.

The nature of the company's business is such that there can be considerable variations in the timing of cash inflows. The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information and discussions with the company's bankers, the directors consider that the company will continue to operate within the facility currently agreed. Hence, the directors consider it appropriate to prepare the financial statements on the going concern basis.

VIRTUALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

1.3 Turnover, profit recognition and long term contracts

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. Revenue and profits are recognised at the date of achieving contractually agreed milestones with customers.

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 at the commencement of the contract, but is deferred to match any future costs of external warranties from original manufacturers and any labour costs for contractually committed maintenance tasks.

Deferred income represents the portion of contract income invoiced relating to future accounting periods.

1.4 Intangible Assets and Research & Development

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 Leasehold	Straight line over 5 years
Computer equipment	Straight line over 3 or 4 years
Motor vehicles	Straight line over 3 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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

1.6 Fixed asset investments

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

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 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

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

1.9 Cash and cash equivalents

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

1.10 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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

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.

1.11 Equity instruments

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

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax 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.

1.13 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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

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

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

1.16 Foreign exchange

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

1.17 Financial liabilities

Financial liabilities with no maturity date are initially recognised, and subsequently measured, at fair value less transaction costs. Fair value is calculated at the present value of discounted cash flows.

1.18 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 38 (2016 - 32).

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

3 Intangible fixed assets

	Development costs £
Cost	
At 1 March 2016	2,179,825
Additions	635,439
	<hr/>
At 28 February 2017	2,815,264
	<hr/>
Amortisation and impairment	
At 1 March 2016	553,000
Amortisation charged for the year	599,701
	<hr/>
At 28 February 2017	1,152,701
	<hr/>
Carrying amount	
At 28 February 2017	1,662,563
	<hr/> <hr/>
At 29 February 2016	1,626,825
	<hr/> <hr/>

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 March 2016	29,224	345,371	374,595
Additions	-	96,660	96,660
	<hr/>	<hr/>	<hr/>
At 28 February 2017	29,224	442,031	471,255
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
At 1 March 2016	17,158	227,546	244,704
Depreciation charged in the year	3,722	40,368	44,090
	<hr/>	<hr/>	<hr/>
At 28 February 2017	20,880	267,914	288,794
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 28 February 2017	8,344	174,117	182,461
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 29 February 2016	12,041	117,699	129,740
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5 Fixed asset investments

	2017 £	2016 £
Investments	20,329	20,329
	<hr/> <hr/>	<hr/> <hr/>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

5 Fixed asset investments

(Continued)

The company holds 100% of the issued share capital of Virtalis Inc, being \$1,000, a company incorporated in the United States and 100% of the issued share capital of Virtalis GmbH, incorporated in Germany, being €25,000. During the year, the company acquired the remaining 20% of the issued share capital of Virtalis Sdn Bhd, incorporated in Malaysia, and now holds 100% of that share capital, being RM100.

The company also holds 33.5% of the £1,000 issued share capital of Touch and Discover Systems Limited, a business incorporated in the U.K. and involved in producing haptic (virtual touch) solutions for museums and special interest groups.

At 28 February 2017, Virtalis Inc had an aggregate amount of capital and reserves of £204,977 and a retained profit for the year of £128,583. Virtalis GmbH had an aggregate amount of capital and reserves of £(228,313) and a retained profit for the year of £4,076 and Virtalis Sdn Bhd had an aggregate amount of capital and reserves of £(121,990) and a retained loss for the year of £(71,125).

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 March 2016 & 28 February 2017	20,664
Impairment	
At 1 March 2016 & 28 February 2017	335
Carrying amount	
At 28 February 2017	20,329
At 29 February 2016	20,329

6 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,913,309	1,008,481
Corporation tax recoverable	198,791	198,791
Amounts due from group undertakings	1,098,902	556,127
Other debtors	168,977	149,022
	3,379,979	1,912,421
Deferred tax asset	87,000	107,000
	3,466,979	2,019,421

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

7	Creditors: amounts falling due within one year	2017	2016
		£	£
	Trade creditors	525,571	786,573
	Other taxation and social security	84,763	87,185
	Deferred income	697,462	210,300
	Other creditors	366,738	371,363
		<u>1,674,534</u>	<u>1,455,421</u>
8	Creditors: amounts falling due after more than one year	2017	2016
		£	£
	Liability element of ordinary 'A' shares	<u>18,355</u>	<u>18,355</u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

9	Called up share capital	2017 £	2016 £
	Ordinary share capital		
	Authorised		
	100,000 Ordinary shares of £1 each	100,000	100,000
	30,000 Ordinary 'A' shares of £1 each	30,000	30,000
		<u>130,000</u>	<u>130,000</u>
	Allotted, called up and fully paid		
	60,000 Ordinary shares of £1 each	60,000	60,000
	28,235 ordinary 'A' shares of £1 each	28,235	28,235
		<u>88,235</u>	<u>88,235</u>
	Amounts presented in equity:		
	60,000 Ordinary shares of £1 each	60,000	60,000
	20,329 ordinary 'A' shares of £1 each	20,329	20,329
		<u>80,329</u>	<u>80,329</u>
	Amounts presented in liabilities		
	7,906 ordinary 'A' shares of £1 each	7,906	7,906
		<u>7,906</u>	<u>7,906</u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

9 Called up share capital

(Continued)

7,906 ordinary 'A' shares have been presented as debt as required under GAAP. The premium allocated to those shares is £14,494 and associated issue costs totalled £4,045.

The ordinary shares and ordinary 'A' shares carry identical voting rights of one vote each.

The rights to dividends are as follows:

Ordinary 'A' Shares

- A fixed dividend 7% of subscription price each year cumulative from date of subscription payable half yearly commencing 31 August 2004.
- A participating dividend of 7% of group profit each year cumulative from date of subscription.
- A compensatory dividend equal to any amount the managers draw in excess benefit over and above the agreed limits.

Ordinary Shares

Any amounts approved by the members but not exceeding the total amount of fixed plus participating dividends payable on ordinary 'A' shares providing:

- All dividends are up to date.
- Retained profits in the company remain in excess of £200,000.
- The total of all dividends and excess benefits paid in the year are less than 1/3 of the profit after tax.

Ordinary 'A' Shares and Ordinary Shares

Any further dividends on both shares as though the same class with the consent of the 'A' shareholders.

For capital repayment, the shares, providing all dividends have first been paid, rank as follows:

- 1st Ordinary 'A' shares at subscription price paid.
- 2nd Ordinary shares at subscription price paid.
- 3rd Ordinary 'A' shares and ordinary shares as though same class.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Jason Selig BA ACA CTA DChA.

The auditor was Lopian Gross Barnett & Co.

11 Financial commitments, guarantees and contingent liabilities

At 28 February 2017 and 29 February 2016, the company had no contingent liabilities.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

12 Operating lease commitments

Lessee

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

	2017	2016
	£	£
	109,473	97,138
	<u>109,473</u>	<u>97,138</u>

13 Capital commitments

At 28 February 2017 and 29 February 2016, the company had no capital expenditure commitments contracted for, but not provided.

14 Events after the reporting date

There are no balance sheet events requiring disclosure.

15 Related party transactions

Remuneration of key management personnel

	2017	2016
	£	£
Aggregate compensation	570,305	468,383
	<u>570,305</u>	<u>468,383</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	2017	2016
	£	£
Key management personnel	2,500	30,000
	<u>2,500</u>	<u>30,000</u>

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Key management personnel	-	2,589
	<u>-</u>	<u>2,589</u>

David Cockburn-Price and Andrew Connell have given personal guarantees of £20,000 each for the overdraft facility with HSBC.