

Company Registration No. 04646508 (England and Wales)

**VIRTALIS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD 01 MARCH 2019 TO 30 JUNE 2020**

# VIRTUALIS LIMITED

## COMPANY INFORMATION

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**Director** Mr Robert Boers (Appointed 29 July 2020)

**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

**Bankers** Santander UK plc  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

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# VIRTALIS LIMITED

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# **VIRTUALIS LIMITED**

## **DIRECTOR'S REPORT**

### ***FOR THE PERIOD ENDED 30 JUNE 2020***

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The director presents his report and the audited financial statements of the company for the period 1 March 2019 to 30 June 2020.

#### **Principal activities**

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

#### **Director**

The director who held office during the Period and up to the date of signature of the financial statements was as follows:

Mr Guenter Dahm	(Resigned 30 June 2020)
Mr Russell Palmer	(Resigned 6 December 2019)
Mr Andrew Finn	(Appointed 13 June 2019 and resigned 20 August 2020)
Mr Robert Boers	(Appointed 29 July 2020)

#### **Future developments**

The future prospects of the company remain healthy with increases in turnover and improvements in profitability expected for the forthcoming year.

#### **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.

On behalf of the board

Mr Robert Boers

**Director**

30 June 2021

## **VIRTALIS LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE PERIOD ENDED 30 JUNE 2020***

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The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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

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### Opinion

We have audited the financial statements of Virtalis Limited (the 'company') for the period ended 30 June 2020 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 2020 and of its loss for the Period 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 director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# **VIRTALIS LIMITED**

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

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### **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 director's report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

# VIRTALIS LIMITED

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

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### **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.

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 the 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 the 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 and fraud 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## **VIRTALIS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF VIRTALIS LIMITED**

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##### **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 him 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**

30 June 2021

**Chartered Accountants**  
**Statutory Auditor**

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

# VIRTUALIS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2020

		Period ended 30 June 2020	Year ended 28 February 2019 as restated
	Notes	£	£
<b>Turnover</b>		5,112,391	3,307,831
Cost of sales		(1,573,545)	(2,259,259)
<b>Gross profit</b>		3,538,846	1,048,572
Administrative expenses		(7,306,475)	(3,415,480)
Other operating income		821,997	-
<b>Operating profit/(loss) before exceptional items</b>		(2,945,632)	(2,366,908)
Exceptional item	3	-	(465,764)
<b>Operating profit/(loss) after exceptional items</b>		(2,945,632)	(2,832,672)
Interest payable and similar expenses		(25,496)	(5,308)
<b>Loss before taxation</b>		(2,971,128)	(2,837,980)
Tax on loss	5	557,396	-
<b>Loss for the financial Period</b>		(2,413,732)	(2,837,980)

# VIRTALIS LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	7		2,049,347		2,065,503
Tangible assets	8		406,610		146,221
Investments	9		20,329		20,329
			<u>2,476,286</u>		<u>2,232,053</u>
<b>Current assets</b>					
Stocks	11	159,040		235,816	
Debtors	12	2,333,731		2,404,341	
Cash at bank and in hand		55,652		324,599	
		<u>2,548,423</u>		<u>2,964,756</u>	
<b>Creditors: amounts falling due within one year</b>	13	(4,888,126)		(3,153,366)	
<b>Net current liabilities</b>			<u>(2,339,703)</u>		<u>(188,610)</u>
<b>Total assets less current liabilities</b>			136,583		2,043,443
<b>Creditors: amounts falling due after more than one year</b>	14		(227,882)		(18,355)
<b>Provisions for liabilities</b>	16		(297,345)		-
<b>Net (liabilities)/assets</b>			<u>(388,644)</u>		<u>2,025,088</u>
<b>Capital and reserves</b>					
Called up share capital			80,329		80,329
Share premium account			26,868		26,868
Profit and loss reserves			(495,841)		1,917,891
<b>Total equity</b>			<u>(388,644)</u>		<u>2,025,088</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 30 June 2021 and are signed on its behalf by:

Mr Robert Boers  
Director

Company Registration No. 04646508

## VIRTUALIS LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>As restated for the period ended 28 February 2019:</b>				
<b>Balance at 1 March 2018</b>	80,329	26,868	4,755,871	4,863,068
<b>Year ended 28 February 2019:</b>				
Loss and total comprehensive income for the year	-	-	(2,837,980)	(2,837,980)
<b>Balance at 28 February 2019</b>	80,329	26,868	1,917,891	2,025,088
<b>Period ended 30 June 2020:</b>				
Loss and total comprehensive income for the period	-	-	(2,413,732)	(2,413,732)
<b>Balance at 30 June 2020</b>	80,329	26,868	(495,841)	(388,644)

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE PERIOD ENDED 30 JUNE 2020*

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### 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 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 Partners (ScotGP) LP. Future financial support will be determined by the investment committee of 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 Reporting period

The reporting period for the entity was extended to cover the period 1 March 2019 to 30 June 2020. The comparative period ending 28 February 2019 was a twelve month period.

#### 1.4 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.

# VITALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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**1 Accounting policies** **(Continued)**

**1.5 Intangible fixed assets other than goodwill**

**Development Costs**

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.

**1.6 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.

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

**1.7 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.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1.8 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.

**1.9 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 PERIOD ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 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.

##### **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 transaction 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.

# VITALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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### 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.

#### 1.13 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.

#### 1.14 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.

#### 1.15 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 Period they are payable.

#### 1.16 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 PERIOD ENDED 30 JUNE 2020

### 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.

#### 1.17 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 Change in accounting policy

There was a change in accounting policy whereby Support Maintenance income, previously recognised on invoice date, is now recognised over the term of the maintenance period. Any income received in advance of the maintenance period is held as deferred income.

#### 1.19 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 399 of the Companies Act 2006 not to prepare group accounts.

#### 1.20 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 director is 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 Exceptional item

	2020	2019
	£	£
Restructuring Costs	-	465,764

The exceptional costs incurred in the prior year relate to business restructuring costs and exit payments to the founding shareholders.

There were no such costs arising during the current period,

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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### 4 Employees

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

	2020 Number	2019 Number
Total	48	45

### 5 Taxation

	2020 £	2019 £
Current tax		
R&D Tax Credit	(557,396)	-

### 6 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Stocks	11	32,283	-
Recognised in:			
Cost of sales		32,283	-

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 7 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 March 2019	4,145,716
Additions	1,143,593
	<u>5,289,309</u>
At 30 June 2020	5,289,309
<b>Amortisation and impairment</b>	
At 1 March 2019	2,080,213
Amortisation charged for the Period	1,159,749
	<u>3,239,962</u>
At 30 June 2020	3,239,962
<b>Carrying amount</b>	
At 30 June 2020	2,049,347
	<u><u>2,049,347</u></u>
At 28 February 2019	<u><u>2,065,503</u></u>

### 8 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
<b>Cost</b>			
At 1 March 2019	39,575	518,292	557,867
Additions	127,480	241,306	368,786
	<u>167,055</u>	<u>759,598</u>	<u>926,653</u>
At 30 June 2020	167,055	759,598	926,653
<b>Depreciation and impairment</b>			
At 1 March 2019	29,091	382,555	411,646
Depreciation charged in the Period	17,582	90,815	108,397
	<u>46,673</u>	<u>473,370</u>	<u>520,043</u>
At 30 June 2020	46,673	473,370	520,043
<b>Carrying amount</b>			
At 30 June 2020	120,382	286,228	406,610
	<u><u>120,382</u></u>	<u><u>286,228</u></u>	<u><u>406,610</u></u>
At 28 February 2019	<u><u>10,484</u></u>	<u><u>135,737</u></u>	<u><u>146,221</u></u>

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 8 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.

	2020 £	2019 £
Computer equipment	177,073	-
Other assets	114,732	-
	<u>291,805</u>	<u>-</u>

### 9 Fixed asset investments

	2020 £	2019 £
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 Virtalis Inc, being \$1,000, a company incorporated in the United States, 100% of the issued share capital of Virtalis GmbH, being €25,000, a company incorporated in Germany, and 100% of the issued share capital of Virtalis Sdn Bhd, being RM100, a company incorporated in Malaysia.

### 10 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

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

### 11 Stocks

	2020 £	2019 £
Stocks	<u>159,040</u>	<u>235,816</u>

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

12 Debtors	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	471,940	770,247
Corporation tax recoverable	557,396	-
Amounts owed by group undertakings	1,049,144	1,400,574
Other debtors	168,251	146,520
	<u>2,246,731</u>	<u>2,317,341</u>
Deferred tax asset	87,000	87,000
	<u>2,333,731</u>	<u>2,404,341</u>

13 Creditors: amounts falling due within one year	2020	2019
	£	£
Obligations under finance leases	85,199	-
Trade creditors	766,324	561,037
Amounts owed to group undertakings	1,909,642	607,015
Taxation and social security	713,910	196,292
Deferred income	1,081,190	1,353,271
Other creditors	2,465	45,807
Accruals and deferred income	329,396	389,944
	<u>4,888,126</u>	<u>3,153,366</u>

14 Creditors: amounts falling due after more than one year	2020	2019
Notes	£	£
Obligations under finance leases	209,527	-
Other borrowings	18,355	18,355
	<u>227,882</u>	<u>18,355</u>

Other borrowings relate to redeemable preference shares

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 15 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	85,199	-
In two to five years	275,314	-
	<u>360,513</u>	<u>-</u>
Less: future finance charges	(65,787)	-
	<u>294,726</u>	<u>-</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.

### 16 Provisions for liabilities

	2020	2019
	£	£
Onerous Lease	297,345	-
	<u>297,345</u>	<u>-</u>
Movements on provisions:		
		<b>Onerous Lease</b>
		£
Additional provisions in the year		297,345
		<u>297,345</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.

### 17 Financial commitments, guarantees and contingent liabilities

At 30 June 2020, 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.

# VITALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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### 18 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding Lease agreements in relation to four separate properties. Length of outstanding Lease terms range from <1year to >8years. The value of total outstanding commitments for future minimum lease payments under non-cancellable operating leases are as follows:

2020	2019
£	£
1,025,187	493,744
<u>1,025,187</u>	<u>493,744</u>

#### Lessor

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

2020	2019
£	£
152,232	-
<u>152,232</u>	<u>-</u>

### 19 Events after the reporting date

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

### 20 Related party transactions

There were no related party transactions which require disclosure under FRS 102 Section 1A.

### 21 Parent company

The Parent Company is Vitalis 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 Partners (Scotgp) Lp.

### 22 Response to Covid-19

The directors have reviewed the position at date of signing and consider there have been no impacts of Covid-19 which require disclosure.

During the course of the financial period there were no government assistance schemes sought by the Company. However, after the financial year end elapsed a number of staff members were placed on Furlough under the Coronavirus Job Retention Scheme.

# VIRTALIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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### 23 Prior period adjustment

#### Changes to the balance sheet

	Adjustment £
<b>Creditors due within one year</b>	
Deferred income	(868,223)
	<u>                    </u>
<b>Capital and reserves</b>	
Profit and loss reserves	(868,223)
	<u>                    </u>

#### Adjustments to equity

	1 March 2018 £	28 February 2019 £
<b>Adjustments to prior Period</b>		
Deferred maintenance	-	(868,223)
	<u>                    </u>	<u>                    </u>
<b>Analysis of the effect upon equity</b>		
Profit and loss reserves	-	(868,223)
	<u>                    </u>	<u>                    </u>

#### Notes to adjustments

The prior period adjustment relates to a change in accounting policy whereby the deferred maintenance income, previously recognised at the invoice date, is now recognised over the maintenance period with any income relating to future periods being deferred.



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