

Company Registration No. 04646508 (England and Wales)

VIRTALIS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018



VIRTUALIS LIMITED

COMPANY INFORMATION

Director	Guenter Dahm	(Appointed 16 April 2018)
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

CONTENTS

	Page
Director's report	1 - 2
Independent auditor's report	3 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 16

VIRTUALIS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2018

The director presents her report and the audited financial statements of the company for the year ended 28 February 2018.

Principal activities

The principal activity of the company during the year was the provision of advanced visualisation and virtual reality ("VR") software, display systems and services. The company also continues to act as the parent company to a group providing the products and services outlined above. The mission of the group is to demonstrate that visualisation, VR and simulation offer users a valuable return on investment throughout a project or product lifecycle in the areas of design, manufacturing, selling/marketing and training.

Our primary customers are those who wish to understand, interact with and immerse themselves in either complex information (e.g. CAD models, simulated training environments, multiple disparate data sets) or ideas (e.g. design concepts, product launches). Traditionally, these have been in the academic/research, automotive, aerospace, shipbuilding, defence, engineering, mining and power sectors. We have helped numerous businesses and organisations to visualise their designs, to make their manufacturing processes more efficient, to sell/market their goods in an innovative way and to train users or maintainers of their products. Examples of our work and stories highlighting the benefits earned by our customers can be found on our regularly-updated website: www.virtualis.com.

We have maintained our investment in a range of innovative and creative R&D activities, seeking to create intellectual property for both specific products and for future VR developments. Interest in Visionary Render software continues to grow and sales have been strong, with a full pipeline developing, and we aim to roll out new features and capabilities in future point and major releases. The Visionary Render platform is at the heart of GeoVisionary, which now has significant analytical functionality, and the newly-launched VR4CAD, which gives people new to VR an easy first step to visualise and review their CAD data. The ActiveWorks portfolio of display systems gives users the ability to immerse themselves and to interact with their data in a virtual environment. We are working to standardise these systems so they are easier to buy and to deliver, including an entry-level option to work with VR4CAD.

We have continued to engage in a wide range of business development activities during the year through our subsidiary businesses in the USA, Germany and Malaysia and with a wide range of partners and collaborators. We made further sales to our existing customers as well as generating significant new sales of software and systems to organisations around the world. Worldwide interest in visualisation and VR is growing strongly, helped by extra media coverage of the use of VR in consumer gaming/entertainment environments and the launch of more accessible, lower cost hardware. We expect that our additional marketing efforts to highlight how enterprise users are reaping benefits and saving money from using accessible and collaborative VR will take us into many new markets and organisations.

Director

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

Mr David Cockburn-Price	(Resigned 29 June 2018)
Mr Andrew Connell	(Resigned 15 November 2017)
Mr Steve Carpenter	(Resigned 1 November 2017)
Mr Glyn Read (Non-executive chairman)	(Resigned 28 June 2017)
Mr Simon Thelwall-Jones (Non-executive)	(Resigned 28 June 2017)
Guenter Dahm	(Appointed 16 April 2018)
Mr Christian Von Stengel	(Appointed 28 June 2017 and resigned 15 November 2017)

VIRTALIS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

Results and dividends

The profit for the year was £237,598 (2017: £1,155,724). Dividends in respect of the fixed and participating interests in the ordinary 'A' shares have been provided for in accordance with the rights attaching to those shares. No dividends in respect of ordinary shares have been paid or proposed (2017: £Nil).

Further details of the company's performance are set out in the profit and loss account on page 6. The year-end financial position is set out in the balance sheet on page 8.

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 director's responsibilities

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 she 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.

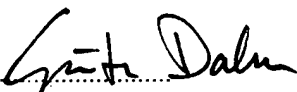
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. She 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.

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.

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

On behalf of the board



Guenter Dahm

Director

Date: 15.12.19

VIRTALIS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRTALIS LIMITED

Opinion

We have audited the financial statements of Virtualis Limited (the 'company') for the year ended 28 February 2018 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of 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 28 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 year 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.

VIRTUALIS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VIRTUALIS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

VIRTALIS LIMITED

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

Jason Selig (Senior Statutory Auditor)
for and on behalf of Lopian Gross Barnett & Co



19/2/19

Chartered Accountants
Statutory Auditor

6th Floor Cardinal House
20 St Mary's Parsonage
Manchester
M3 2LG

VIRTALIS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	2018 £	2017 £
Turnover		6,453,880	7,169,205
Cost of sales		(2,333,020)	(3,016,169)
Gross profit		<u>4,120,860</u>	<u>4,153,036</u>
Distribution costs		(314,192)	(249,876)
Administrative expenses		(3,588,457)	(2,714,647)
Operating profit		<u>218,211</u>	<u>1,188,513</u>
Interest receivable and similar income	3	32,730	164
Interest payable and similar expenses		(10,185)	(12,953)
Profit before taxation		<u>240,756</u>	<u>1,175,724</u>
Tax on profit		(3,158)	(20,000)
Profit for the financial year		<u><u>237,598</u></u>	<u><u>1,155,724</u></u>

VIRTALIS LIMITED

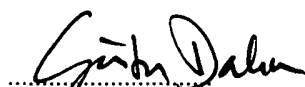
BALANCE SHEET

AS AT 28 FEBRUARY 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	4		1,725,717		1,662,563
Tangible assets	5		163,870		182,461
Investments	6		20,329		20,329
			<u>1,909,916</u>		<u>1,865,353</u>
Current assets					
Stocks		114,020		142,941	
Debtors	7	3,500,889		3,466,979	
Cash at bank and in hand		820,626		843,086	
		<u>4,435,535</u>		<u>4,453,006</u>	
Creditors: amounts falling due within one year	8	(1,464,028)		(1,674,534)	
Net current assets			<u>2,971,507</u>		<u>2,778,472</u>
Total assets less current liabilities			<u>4,881,423</u>		<u>4,643,825</u>
Creditors: amounts falling due after more than one year	9		(18,355)		(18,355)
Net assets			<u><u>4,863,068</u></u>		<u><u>4,625,470</u></u>
Capital and reserves					
Called up share capital			80,329		80,329
Share premium account			26,868		26,868
Profit and loss reserves			4,755,871		4,518,273
Total equity			<u><u>4,863,068</u></u>		<u><u>4,625,470</u></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 15/2/19 and are signed on its behalf by:



Guenter Dahm
Director

Company Registration No. 04646508

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

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 director 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 director consider that the company will continue to operate within the facility currently agreed. Hence, the director consider it appropriate to prepare the financial statements on the going concern basis.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies

(Continued)

1.3 Turnover

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

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

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

1.5 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 2018

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

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

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 at bank and in hand

Cash at bank and in hand 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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies

(Continued)

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.

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.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

1 Accounting policies (Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

1.15 Leases

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 (2017 - 38).

3 Interest receivable and similar income

	2018	2017
	£	£
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	32,396	-
	<u> </u>	<u> </u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

4 Intangible fixed assets

	Development costs £
Cost	
At 1 March 2017	2,815,264
Additions	609,452
At 28 February 2018	<u>3,424,716</u>
Amortisation and impairment	
At 1 March 2017	1,152,701
Amortisation charged for the year	546,298
At 28 February 2018	<u>1,698,999</u>
Carrying amount	
At 28 February 2018	<u><u>1,725,717</u></u>
At 28 February 2017	<u><u>1,662,563</u></u>

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 March 2017	29,224	442,031	471,255
Additions	1,243	88,111	89,354
Disposals	-	(47,004)	(47,004)
At 28 February 2018	<u>30,467</u>	<u>483,138</u>	<u>513,605</u>
Depreciation and impairment			
At 1 March 2017	20,880	267,914	288,794
Depreciation charged in the year	3,276	67,458	70,734
Eliminated in respect of disposals	-	(9,793)	(9,793)
At 28 February 2018	<u>24,156</u>	<u>325,579</u>	<u>349,735</u>
Carrying amount			
At 28 February 2018	<u><u>6,311</u></u>	<u><u>157,559</u></u>	<u><u>163,870</u></u>
At 28 February 2017	<u><u>8,344</u></u>	<u><u>174,117</u></u>	<u><u>182,461</u></u>

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

6 Fixed asset investments

	2018 £	2017 £
Investments	20,329	20,329

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 2017 & 28 February 2018	20,329
Carrying amount	
At 28 February 2018	20,329
At 28 February 2017	20,329

7 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,384,545	1,913,309
Corporation tax recoverable	-	198,791
Amounts owed by group undertakings	1,751,288	1,098,902
Other debtors	278,056	168,977
	3,413,889	3,379,979
Deferred tax asset	87,000	87,000
	3,500,889	3,466,979

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

8 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	690,259	525,571
Corporation tax	3,158	-
Other taxation and social security	153,813	84,763
Deferred income	407,943	697,462
Other creditors	208,855	366,738
	<u>1,464,028</u>	<u>1,674,534</u>

9 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Other creditors	<u>18,355</u>	<u>18,355</u>

10 Financial commitments, guarantees and contingent liabilities

At 28 February 2018 and 28 February 2017, the company had no contingent liabilities.

11 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:

	2018	2017
	£	£
	<u>-</u>	<u>109,473</u>

12 Capital commitments

At 28 February 2018 and 29 February 2017, the company had no capital expenditure commitments contracted for, but not provided.

13 Events after the reporting date

There are no balance sheet events requiring disclosure.

VIRTALIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

14 Related party transactions

Remuneration of key management personnel

	2018 £	2017 £
Aggregate compensation	528,133	570,305

Transactions with related parties

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

	2018 £	2017 £
Key management personnel	-	2,500