

Company Registration No. 11439032 (England and Wales)

IMMERSIVE LABS HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



IMMERSIVE LABS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J R Hadley R W J P Cook J P Hayward A C Clavel J Huffard Jr.
Company number	11439032
Registered office	Runway East 1 Victoria Street Bristol England BS1 6AA
Auditor	Grant Thornton UK LLP 2 Glass Wharf Bristol BS2 0EL

IMMERSIVE LABS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Principal activities and review of the business

The principal activity of the Group during the year was the development and provision of a web-based, cyber-security capabilities platform to a global customer base.

The principal activity of the company was licensing the IP in the platform to Group companies.

The results for the Group include results from subsidiaries Immersive Labs Ltd and Immersive Labs Corporation. The Group's key financial performance indicators are detailed below:

	2020 £	2019 £	Change %
Revenue	8,889,335	4,217,265	111%
Operating costs	15,437,652	7,925,022	95%
Operating profit/(loss)	(7,715,346)	(4,282,559)	81%
Cash	17,717,766	20,970,118	(16%)

The Group has continued to grow at a rapid rate with Group revenues up 111% on prior year. This was driven by growth in both the Group's primary markets – EMEA and the USA.

The Group continues to invest to fuel further growth, as a result operating costs increased 95% versus 2019. This investment means the Group is currently loss making and burning cash – cash burn was £3,252k in 2020. However, the Group held £17,718k of cash at year end and the Directors are confident the Group remains in a strong financial position and retains the ability to continue to invest to drive further growth.

Future Developments

The Directors remain focused on continuing to deliver growth and are confident that their strategy will do so. We plan to continue to invest with the focus being on expanding the capability of the platform to ensure it meets all the needs of current and potential customers as well as continuing to expand our geographical presence to maximise our ability to reach potential customers.

Principal Risk and Uncertainties

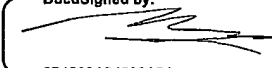
Cyber-security is a fast-paced industry with new threats emerging regularly. Our ability to continuously develop the platform in response to this changing landscape is vital to the ongoing success of the Group. We believe that our industry defining platform and team of cyber security experts mean the Group is well-paced to adapt to this evolving landscape.

Covid-19

Like all businesses the Covid-19 pandemic has had an impact on the Group's activities. From a financial performance perspective cyber-security remains a growing market and one which was not directly impacted by the pandemic. We did not experience any significant impact on our ability to attract and retain customers.

From an operational perspective we, like many businesses, moved to remote-working in response to the Covid-19 pandemic. This transition has not had any significant impact on operational performance as the Group is well positioned to support remote working.

On behalf of the board

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J R Hadley

Director

30/4/2021 | 13:27 BST

Date:

IMMERSIVE LABS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the group and company during the period is set out in the strategic report.

Directors

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

J R Hadley

R W J P Cook

J C Bromhead

(Resigned 21 February 2020)

J P Hayward

A C Clavel

J Huffard Jr.

(Appointed 14 May 2020)

Results and dividends

The results for the year are set out on page 8. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Research and development

The Group undertakes research and development activities for the ongoing development of its browser based cyberskills training platform. Projects include the development of the training platform, reverse engineering of threats, and the development of new algorithms to enhance user experience.

Auditor

Grant Thornton UK LLP was appointed as auditor to the group during the year. In accordance with section 485 of the Companies Act 2006, a resolution proposing that it be re-appointed will be put at a General Meeting.

Future developments and management of principal risks

This information has been included in the strategic report as permitted by Companies Act 2006, s. 414C(11).

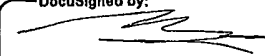
Statement of disclosure to auditor

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

At the time of approval of these financial statements the ongoing 'Covid-19' pandemic has given rise to additional risk and uncertainty. The directors have taken steps and actions they consider appropriate to minimise the associated impact. These include and are not limited to the implementation of remote working arrangements and monthly reviews of operating plans and cash flow projections. Regular communications have been made to staff and the company's stakeholders to minimise disruption. The parent company Immersive Labs Holdings Limited intends to continue its funding of group companies to the extent needed.

On behalf of the board

DocuSigned by:


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J R Hadley

Director

30/4/2021 | 13:27 BST

Date:

IMMERSIVE LABS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMERSIVE LABS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Immersive Labs Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 group's and of the parent company's affairs as at 31 December 2020 and of the group's loss 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 group and parent 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMERSIVE LABS HOLDINGS LIMITED (CONTINUED)

Other information

The directors are 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMERSIVE LABS HOLDINGS LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and determined that the most significant are those that relate to the financial reporting framework (Financial Reporting Standard 102, Companies Act 2006 and the tax legislation relevant to the jurisdictions in which the group operates); health and safety, employee matters, environmental and bribery and corruption procedures;
- We enquired of management and the in-house legal counsel as to whether they were aware of any non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to board minutes and other supporting documentation;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with employees from different parts of the business, including the finance team, in-house legal counsel and the IT department, to understand where it is considered there was a susceptibility of fraud;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the group's control environment including:
 - the finance system and controls, including the controls over journal postings that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitor the finance system and the controls;
 - Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures involved: journal entry testing, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- We also considered the key performance indicators and their propensity to influence efforts made by management to manage earnings;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the group operates; and
 - understanding of the legal and regulatory requirements specific to the group.
- We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud.
- For components at which audit procedures were performed, we did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMERSIVE LABS HOLDINGS LIMITED (CONTINUED)

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.



Timothy Lincoln BAACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

Date: 30 April 2021 .

IMMERSIVE LABS HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
Turnover	3	8,889,335	4,217,265
Cost of sales		(1,167,029)	(721,948)
Gross profit		7,722,306	3,495,317
Administrative expenses		(15,451,467)	(7,676,386)
Other operating income	3	13,815	55,000
Share-based payment expense	6	-	(156,490)
Operating loss	7	(7,715,346)	(4,282,559)
Operating loss		(7,715,346)	(4,282,559)
Add back: amortisation		1,149,913	621,281
Add back: depreciation		119,710	77,848
EBITDA		(6,445,723)	(3,583,430)
Interest receivable and similar income	9	57,502	11,728
Interest payable and similar expenses	10	-	3
Loss before taxation		(7,657,844)	(4,270,828)
Tax on loss	11	512,892	398,670
Loss for the financial year		(7,144,952)	(3,872,158)
Other comprehensive income net of taxation			
Currency translation differences		336,568	44,351
Total comprehensive loss for the year		(6,808,384)	(3,827,807)

The loss for the financial year and total comprehensive loss for the year is all attributable to the owners of the parent company.

The notes on pages 13 to 31 form part of these financial statements,

IMMERSIVE LABS HOLDINGS LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

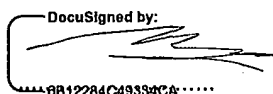
	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Fixed assets					
Intangible assets	12	2,755,023	2,095,184	2,515,034	2,095,184
Tangible assets	13	209,866	194,638	-	-
Investments	14	-	-	6,667,003	6,667,003
		<u>2,964,889</u>	<u>2,289,822</u>	<u>9,182,037</u>	<u>8,762,187</u>
Current assets					
Debtors	15	3,396,283	4,167,873	5,249,667	2,219,182
Cash at bank and in hand		17,717,766	20,970,118	11,526,213	16,468,697
		<u>21,114,049</u>	<u>25,137,991</u>	<u>16,775,880</u>	<u>18,687,879</u>
Creditors: amounts falling due within one year	16	<u>(9,503,595)</u>	<u>(5,764,931)</u>	<u>(704,483)</u>	<u>(868,901)</u>
Net current assets		<u>11,610,454</u>	<u>19,373,060</u>	<u>16,071,397</u>	<u>17,818,978</u>
Total assets less current liabilities		<u>14,575,343</u>	<u>21,662,882</u>	<u>25,253,434</u>	<u>26,581,165</u>
Creditors: amounts falling due after more than one year	17	<u>(505,734)</u>	<u>(615,128)</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	18	<u>-</u>	<u>(341,857)</u>	<u>(291,861)</u>	<u>(341,857)</u>
Net assets		<u>14,069,609</u>	<u>20,705,897</u>	<u>24,961,573</u>	<u>26,239,308</u>
Capital and reserves					
Called up share capital	20	249	248	249	248
Share premium account	21	26,090,797	25,918,702	26,090,797	25,918,702
Currency translation reserve	21	380,919	44,351	-	-
Share based payment reserve	21	-	188,583	-	188,583
Profit and loss reserves	21	(12,402,356)	(5,445,987)	(1,129,473)	131,775
Total equity		<u>14,069,609</u>	<u>20,705,897</u>	<u>24,961,573</u>	<u>26,239,308</u>

The notes on pages 13 to 31 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the year was £1,449,831 (2019 - £169,108 profit).

30/04/2021

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

DocuSigned by:


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J R Hadley
Director

IMMERSIVE LABS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Currency translation reserve	Share based payment reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2019	177	6,478,243	-	32,093	(1,573,829)	4,936,684
Year ended 31 December 2019:						
Loss for the year	-	-	-	-	(3,872,158)	(3,872,158)
Other comprehensive income net of taxation:						
Currency translation differences	-	-	44,351	-	-	44,351
Total comprehensive income for the year	-	-	44,351	-	(3,872,158)	(3,827,807)
Issue of share capital 20	71	19,653,517	-	-	-	19,653,588
Share based payment	-	-	-	156,490	-	156,490
Other movements	-	(213,058)	-	-	-	(213,058)
Balance at 31 December 2019	248	25,918,702	44,351	188,583	(5,445,987)	20,705,897
Year ended 31 December 2020:						
Loss for the year	-	-	-	-	(7,144,952)	(7,144,952)
Other comprehensive income net of taxation:						
Currency translation differences	-	-	336,568	-	-	336,568
Total comprehensive income for the year	-	-	336,568	-	(7,144,952)	(6,808,384)
Issue of share capital 20	1	172,095	-	-	-	172,096
Transfers 6	-	-	-	(188,583)	188,583	-
Balance at 31 December 2020	249	26,090,797	380,919	-	(12,402,356)	14,069,609

IMMERSIVE LABS HOLDINGS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Share capital £	Share premium account £	Share based payment reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2019		177	6,478,243	32,093	(37,333)	6,473,180
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	169,108	169,108
Issue of share capital	20	71	19,653,517	-	-	19,653,588
Capital contribution in respect of share based payment		-	-	156,490	-	156,490
Other movements		-	(213,058)	-	-	(213,058)
Balance at 31 December 2019		248	25,918,702	188,583	131,775	26,239,308
Year ended 31 December 2020:						
Loss and total comprehensive income for the year		-	-	-	(1,449,831)	(1,449,831)
Issue of share capital	20	1	172,095	-	-	172,096
Transfers	6	-	-	(188,583)	188,583	-
Balance at 31 December 2020		249	26,090,797	-	(1,129,473)	24,961,573

IMMERSIVE LABS HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	22	(2,439,764)		(1,858,556)	
Interest paid		-		3	
R&D tax credits received		568,259		279,706	
Net cash outflow from operating activities		(1,871,505)		(1,578,847)	
Investing activities					
Purchase of intangible assets		(1,809,752)		(2,043,170)	
Purchase of tangible fixed assets		(138,308)		(151,752)	
Interest received		55,179		11,728	
Net cash used in investing activities		(1,892,881)		(2,183,194)	
Financing activities					
Proceeds from issue of shares		172,096		19,440,530	
Net cash generated from financing activities		172,096		19,440,530	
Net (decrease)/increase in cash and cash equivalents		(3,592,290)		15,678,489	
Cash and cash equivalents at beginning of year		20,970,118		5,291,629	
Effect of foreign exchange rates		339,938		-	
Cash and cash equivalents at end of year		17,717,766		20,970,118	

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Immersive Labs Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Runway East, 1 Victoria Street, Bristol, England, BS1 6AA.

The group consists of Immersive Labs Holdings Limited and its wholly-owned subsidiaries Immersive Labs Ltd and Immersive Labs Corporation. The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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.

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 preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 2).

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.
- As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Immersive Labs Holdings Limited and its subsidiaries Immersive Labs Ltd and Immersive Labs Corporation (i.e. an entity that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2020. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the impact of the ongoing COVID-19 (Coronavirus) pandemic on the business and have reviewed trade and plans to preserve the solvency of the business. The business continues to trade satisfactorily with no significant adverse cash flow impact, and has a good level of cash reserves. The directors will continue to review the business position and react accordingly. Having taken these steps, the directors believe that the business has sufficient prospects of trade and sufficient financial resources to continue to trade for a period of not less than twelve months from the date of approval of these financial statements. The directors have therefore continued to adopt the going concern basis in drawing up these financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from contracts with customers for licences is recognised on a straight-line basis over the period for which the customer has signed the licence, there are no non-trivial future obligations and collection is probable. Typically, consideration for the licence is received in advance. This is recognised as deferred income and released to the statement of comprehensive income on a straight line basis over the contract term.

Turnover from fixed term contracts with customers is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	3 year straight line basis
Development costs	3 year straight line basis

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	2 year straight line basis
Fixtures and fittings	3 year straight line basis
Computer equipment	3 year straight line basis

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries 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 group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The group 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 when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Equity instruments

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 group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of 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 group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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 group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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 leased asset are consumed.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using entity-specific observable market data. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity. The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution and presented as an increase in the company's investment in that subsidiary.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are 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.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Share-based payments

The fair value of share-based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future. Such estimates and assumptions include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 6.

Intangible assets

Internally and externally generated development costs arising from qualifying projects are capitalised, and the resulting intangible assets are amortised over their useful lives taking into account residual values, where appropriate. In assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Provision of licences	8,843,814	4,141,998
Professional services	45,521	75,267
	<u>8,889,335</u>	<u>4,217,265</u>
	2020	2019
	£	£
Other revenue		
Grants received	11,148	55,000
Other revenue	2,667	-
	<u>13,815</u>	<u>55,000</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	5,374,696	2,755,088
United States	2,411,218	810,281
Rest of the world	1,103,421	651,896
	<u>8,889,335</u>	<u>4,217,265</u>

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2020 Number	Group 2019 Number
Administration	21	14
Research & Development	69	44
Selling & Marketing	51	22
	<u>141</u>	<u>80</u>

Their aggregate remuneration comprised:

	Group 2020 £	Group 2019 £
Wages and salaries	10,831,485	3,505,178
Social security costs	1,053,913	487,422
Pension costs	230,360	125,405
	<u>12,115,758</u>	<u>4,118,005</u>

The company had no direct employees in the current or previous year.

5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	335,047	428,430
Company pension contributions to defined contribution schemes	1,294	5,592
	<u>336,341</u>	<u>434,022</u>

The number of directors for whom retirement benefits were accruing under defined contribution schemes during the year was 3 (2019 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	304,815	168,491
Company pension contributions to defined contribution schemes	387	-
	<u>305,202</u>	<u>168,491</u>

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Directors' remuneration (Continued)

In the year ended 31 December 2020, the directors were paid by the company's subsidiary Immersive Labs Ltd. In the year ended 31 December 2019, the directors were paid by the company.

6 Share-based payments

	2020 £	2019 £
Share-based payment expense	-	156,490

EMI Scheme

The equity instruments to be issued are those of Immersive Labs Holdings Limited.

The share options vest during four years of an employee's service (the 'vesting period'). 25% of the options vest on the first anniversary of the date of employment and the remaining 75% of the options vest in 36 equal instalments each month thereafter. The employee is only entitled to exercise the share options upon the occurrence of a trigger event. Furthermore, options are forfeited if the employee leaves the company before they become entitled to exercise the share options.

	2020 Number of options	2020 Weighted average exercise price £	2019 Number of options	2019 Weighted average exercise price £
Outstanding at start of year	86,900	£2.58	81,700	£2.08
Granted during the year	154,413	£6.72	19,500	£4.10
Forfeited during the year	(18,402)	£3.22	(10,700)	£2.91
Exercised during the year	(6,798)	£1.40	(3,600)	£0.01
Outstanding at end of year	<u>216,113</u>	<u>£5.51</u>	<u>86,900</u>	<u>£2.58</u>
Exercisable at end of year	<u>-</u>		<u>-</u>	

The weighted average fair value of options granted in the year was determined using entity-specific observable market data. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Share-based payments (Continued)

Growth Scheme

The share options vest in tranches during four years of service ('the vesting period'). The holder is only entitled to exercise the share options upon the occurrence of a trigger event. Furthermore, options are forfeited if the holder leaves the company before they become entitled to exercise the share options.

	2020 Number of options	2020 Hurdle £	2019 Number of options	2019 Hurdle £
Outstanding at start of year	223,200	£4.75	222,200	£4.75
Granted during the year	-	£4.75	1,000	£4.75
Forfeited during the year	(130,640)	£4.75	-	£4.75
Exercised during the year	(92,560)	£4.75	-	£4.75
Expired during the year	-		-	
	<u> </u>		<u> </u>	
Outstanding at end of year	-	£4.75	223,200	£4.75
	<u> </u>		<u> </u>	
Exercisable at end of year	-		-	
	<u> </u>		<u> </u>	

The options forfeited and exercised in the year ended 31st December 2020 were all held by an employee whose employment ended in the prior year. The options were not recorded as forfeited or exercised in 2019 so are presented as current year movements in the table above.

The weighted average fair value of options granted in the period was determined using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural consideration. Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at the grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date. The inputs to the model were as follows:

Number of shares	223,200
Market value	£4.32
Hurdle	£4.75
Time to maturity (years)	1.4 - 3.4 years
Risk-free interest rate	1.22%
Volatility	30%
Weighted average fair value after proportionate adjustment	£2.16

IMMERSIVE LABS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

7 Operating loss	2020	2019
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	395,674	359,803
Research and development costs	3,092,939	75,165
Government grants	(11,148)	(55,000)
Depreciation of owned tangible fixed assets	119,710	77,848
Amortisation of intangible assets	1,149,913	621,281
Operating lease charges / rental charges	740,343	544,053
	<u> </u>	<u> </u>
8 Auditor's remuneration	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	57,500	32,000
	<u> </u>	<u> </u>
There are no non-audit services provided by the auditor.		
9 Interest receivable and similar income	2020	2019
	£	£
Interest income		
Interest on bank deposits	57,502	11,728
	<u> </u>	<u> </u>
10 Interest payable and similar expenses	2020	2019
	£	£
Interest on bank overdrafts and loans	-	(3)
	<u> </u>	<u> </u>

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(512,892)	(568,259)
Deferred tax		
Origination and reversal of timing differences	-	169,589
Total tax credit	<u>(512,892)</u>	<u>(398,670)</u>

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	<u>(7,657,844)</u>	<u>(4,270,828)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,454,990)	(811,457)
Tax effect of expenses that are not deductible in determining taxable profit	17,060	3,988
Change in unrecognised deferred tax assets	1,286,110	679,259
Effect of change in corporation tax rate	(140,382)	(6,073)
Adjustments in respect of financial assets	-	2,035
Research and development tax credit	(379,863)	(268,188)
Other tax adjustments	-	1,766
Surrender of tax losses for R&D tax credit refund	159,173	-
Taxation credit	<u>(512,892)</u>	<u>(398,670)</u>

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible fixed assets

Group	Software £	Development costs £	Total £
Cost			
At 1 January 2020	-	2,791,495	2,791,495
Additions - internally developed	-	1,537,907	1,537,907
Additions - separately acquired	271,845	-	271,845
At 31 December 2020	271,845	4,329,402	4,601,247
Amortisation and impairment			
At 1 January 2020	-	696,311	696,311
Amortisation charged for the year	31,856	1,118,057	1,149,913
At 31 December 2020	31,856	1,814,368	1,846,224
Carrying amount			
At 31 December 2020	239,989	2,515,034	2,755,023
At 31 December 2019	-	2,095,184	2,095,184
Company			
			Development costs £
Cost			
At 1 January 2020			2,791,495
Transfers			1,537,907
At 31 December 2020			4,329,402
Amortisation and impairment			
At 1 January 2020			696,311
Amortisation charged for the year			1,118,057
At 31 December 2020			1,814,368
Carrying amount			
At 31 December 2020			2,515,034
At 31 December 2019			2,095,184

In the statement of comprehensive income, amortisation is charged to administrative expenses.

IMMERSIVE LABS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****13 Tangible fixed assets**

Group	Leasehold Improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	29,625	38,857	226,745	295,227
Additions	-	2,828	135,480	138,308
Exchange adjustments	-	(140)	(4,288)	(4,428)
At 31 December 2020	29,625	41,545	357,937	429,107
Depreciation and impairment				
At 1 January 2020	17,761	15,041	67,787	100,589
Depreciation charged in the year	11,273	11,916	96,521	119,710
Exchange adjustments	-	(64)	(994)	(1,058)
At 31 December 2020	29,034	26,893	163,314	219,241
Carrying amount				
At 31 December 2020	591	14,652	194,623	209,866
At 31 December 2019	11,864	23,816	158,958	194,638

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Fixed asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	-	-	6,667,003	6,667,003

Investments reflect the company's interests in the entire issued ordinary share capital of its subsidiaries Immersive Labs Ltd, a company incorporated in the United Kingdom and registered in England and Wales, and Immersive Labs Corporation, a company incorporated in the United States of America.

The registered office of Immersive Labs Ltd is Runway East, 1 Victoria Street, Bristol, BS1 6AA. The registered office of Immersive Labs Corporation is 200 Berkeley Street, 19th Floor, Boston, MA 02116, USA. The principal activity of both subsidiaries is the provision of software licences.

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2020	6,667,003
Additions	-
At 31 December 2020	6,667,003
Carrying amount	
At 31 December 2020	6,667,003
At 31 December 2019	6,667,003

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,037,913	2,651,679	-	-
Corporation tax recoverable	512,892	568,259	512,892	568,259
Amounts owed by group undertakings	-	-	-	1,650,666
Other debtors	208,746	102,408	1,429	257
Prepayments	636,732	503,670	-	-
	<u>3,396,283</u>	<u>3,826,016</u>	<u>514,321</u>	<u>2,219,182</u>
Deferred tax asset (note 18)	-	341,857	-	-
	<u>3,396,283</u>	<u>4,167,873</u>	<u>514,321</u>	<u>2,219,182</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	4,735,346	-
	<u>-</u>	<u>-</u>	<u>4,735,346</u>	<u>-</u>
Total debtors	<u>3,396,283</u>	<u>4,167,873</u>	<u>5,249,667</u>	<u>2,219,182</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	152,119	180,432	89	22
Amounts owed to group undertakings	-	-	661,569	827,429
Other taxation and social security	651,434	608,325	-	-
Other creditors	22,792	46,714	-	-
Accruals and deferred income	8,677,250	4,929,460	42,825	41,450
	<u>9,503,595</u>	<u>5,764,931</u>	<u>704,483</u>	<u>868,901</u>

Included in accruals and deferred income is £6,893,193 of deferred income (2019: £3,575,095) and a revenue provision of £nil (2019: £740,222).

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Accruals and deferred income	<u>505,734</u>	<u>615,128</u>	<u>-</u>	<u>-</u>

Included in accruals and deferred income is £505,734 of deferred income (2019: £448,461) and a revenue provision of £nil (2019: £166,667).

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
1,001,753 Ordinary shares of 0.01p each	100	100
468,040 Series A shares of 0.01p each	47	47
973,557 Series B shares of 0.01p each	97	96
46,280 Growth shares of 0.01p each	5	5
	<u>249</u>	<u>248</u>

On 19 February 2020, 4,733 Ordinary shares were issued at a par value of £0.0001 and a share premium of £0.01. Additionally 67 Ordinary shares were issued at a par value of £0.0001 and a share premium of £4.32.

On 7 May 2020, 4,798 Series B shares were issued at a par value of £0.0001 and share premium of \$41.68.

On 11 May 2020, 458 Ordinary shares were issued at a par value of £0.0001 and share premium of £4.32.

On 17 August 2020, 354 Ordinary shares were issued at a par value of £0.0001 and share premium of £4.32.

On 14 September 2020, 832 Ordinary shares were issued at a par value of £0.0001 and share premium of £4.32. Additionally, 354 Ordinary shares were issued at a par value of £0.0001 and share premium of \$8.86.

The Ordinary Shares (other than the Ordinary Non-Voting Shares) shall confer on each holder of Ordinary Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company. Full rights to dividends. On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so) in accordance with article 5 of the Company's Articles of Association.

The Series A Shares (other than the Series A Non-Voting Shares) shall confer on each holder of them the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company. Full rights to dividends. On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so) in accordance with article 5 of the Company's Articles of Association.

The Growth Shares shall confer on each holder of them the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company. Full rights to dividends. On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so) in accordance with article 5 of the Company's Articles of Association.

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Reserves

Share premium

The share premium account reflects consideration received for shares issued above their nominal value net of transaction costs.

Currency translation reserve

The currency translation reserve arises from the change in foreign exchange rates from translation of foreign operating subsidiaries.

Share-based payment reserve

The share-based payment reserve reflects the cumulative share-based payment expense.

Profit and loss reserves

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

22 Cash generated from group operations

	2020 £	2019 £
Loss for the year after tax	(7,144,952)	(3,872,158)
Adjustments for:		
Taxation credited	(512,892)	(398,670)
Finance costs	-	(3)
Investment income	(57,502)	(11,728)
Amortisation and impairment of intangible assets	1,149,913	621,281
Depreciation and impairment of tangible fixed assets	119,710	77,848
Equity settled share based payment expense	-	156,490
Movements in working capital:		
Decrease/(increase) in debtors	376,689	(2,390,757)
Increase in creditors	3,629,270	3,959,141
Cash absorbed by operations	(2,439,764)	(1,858,556)

23 Analysis of changes in net funds - group

	1 January 2020 £	Cash flows £	Exchange rate movements £	31 December 2020 £
Cash at bank and in hand	20,970,118	(3,592,290)	339,938	17,717,766

IMMERSIVE LABS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	203,011	207,013	-	-
Between one and five years	15,763	-	-	-
	<u>218,774</u>	<u>207,013</u>	<u>-</u>	<u>-</u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, including the statutory directors, is as follows.

	2020 £	2019 £
Salaries including social security costs	2,292,382	1,749,969
	<u>2,292,382</u>	<u>1,749,969</u>

Transactions with other related parties

The group has taken advantage of the exemption available under FRS 102 Section 33 and has not disclosed details of transactions or balances between Immersive Labs Holdings Limited and its wholly-owned subsidiaries. Details of transactions with other related parties are as follows:

	Purchase of Goods and Services		Sale of Goods and Services	
	2020 £	2019 £	2020 £	2019 £
Goldman Sachs Group Inc	-	-	351,168	320,438
	<u>-</u>	<u>-</u>	<u>351,168</u>	<u>320,438</u>

Amounts in the consolidated statement of financial position:

	Amounts Receivable		Amounts Payable	
	2020 £	2019 £	2020 £	2019 £
Summit Partners Limited	-	-	-	113,058
	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,058</u>

26 Controlling party

There is no ultimate controlling party due to no shareholder holding a controlling stake in the company.