Immense Simulations Limited

Unaudited Financial Statements

Year Ended

31 December 2021

Company Number 09782647

Immense Simulations Limited
Registered number:09782647

Statement of Financial Position
As at 31 December 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	5		**3,187,945**		1,784,838
Tangible assets	6		**16,912**		37,743
Investments	7		**1,124**		771
			3,205,981		1,823,352
Current assets					
Debtors: amounts falling due within one year	8	**633,309**		863,238	
Cash at bank and in hand	9	**888,377**		2,060,127	
		1,521,686		2,923,365	
Creditors: amounts falling due within one year	10	**(395,121)**		(498,084)	
Net current assets			**1,126,565**		2,425,281
Total assets less current liabilities			**4,332,546**		4,248,633
Creditors: amounts falling due after more than one year	11		**(3,903,749)**		(2,438,049)
Net assets			**428,797**		1,810,584
Capital and reserves					
Share capital	13		**2,447**		2,417
Share premium account	14		**3,598,585**		3,592,641
Profit and loss account	14		**(3,172,235)**		(1,784,474)
			428,797		1,810,584

Immense Simulations Limited

Registered number:09782647

Statement of Financial Position (continued)
As at 31 December 2021

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

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

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

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

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

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

DocuSigned by:

Robin North

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Dr R J North
Director

Date: 14 April 2022

The notes on pages 4 to 15 form part of these financial statements.

Immense Simulations Limited

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	2,411	3,591,497	(1,492,833)	2,101,075
Comprehensive loss for the year				
Loss for the year	-	-	(300,914)	(300,914)
Shares issued during the year	6	1,144	-	1,150
Share based payment credit	-	-	9,273	9,273
At 1 January 2021	2,417	3,592,641	(1,784,474)	1,810,584
Comprehensive loss for the year				
Loss for the year	-	-	(1,391,283)	(1,391,283)
Shares issued during the year	30	5,944	-	5,974
Share based payment credit	-	-	3,522	3,522
At 31 December 2021	2,447	3,598,585	(3,172,235)	428,797

The notes on pages 4 to 15 form part of these financial statements.

Immense Simulations Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the year ended 31 December 2021 and are presented to the nearest pound.

The principal activity of the company during the period was that of simulation software development.

The company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the company predominantly operates.

The company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is International House, 24 Holborn Viaduct, City Of London, London, England, EC1A 2BN.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis. The directors review their plans and forecasts on an ongoing basis, and implement mitigation plans to match the company's expenditure with its forecast revenues. Consequently the directors have formed the judgement that there is reasonable expectation of the Company having adequate resource to continue in operational existence for the foreseeable future. At the year end, the Company had net assets of £428,797 (2020 - £1,810,584). Included within creditors due after more than one year are convertible loans of £3,835,269 (2020 - £2,325,000), which are expected to be converted to equity through a capital raise by October 2023. The Company is actively engaged with investors, with further fundraising expected towards the end of H1-2023 associated with growing commercial maturity of the Company's platform assets. The Company has also received inbound M&A interest and evaluates offers on their merits. Accordingly, the going concern basis is considered appropriate albeit with material uncertainties.

The impact of the Covid-19 pandemic and associated effects on the economy continues to evolve and requires continued assessment. The directors have performed a detailed assessment of Pandemic-related impacts and the company's ability to meet its liabilities over a period of at least 12 months following the signing of these financial statements and continue to implement mitigation plans on an ongoing basis.

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within *'finance income or costs'*. *All* other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of goods); the amount of revenue can be measured reliably; it is probably that the associated economic benefits will flow to the entity; and the costs incurred, or to be incurred in respect of the transactions can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue us is recognised only to the extent of the expenses recognised that are recoverable.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Government grants

Government grants, which are included within other operating income, are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a value claim for payment.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.11 Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

2. Accounting policies (continued)

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.13 Taxation

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

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

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

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

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

2. Accounting policies (continued)

2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	10	years

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- straight line over 3 years
Computer equipment	- straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Immense Simulations Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of it's liabilities.

2.21 Convertible debt

Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder. The interest on the loan notes is compounding annually and as such the number of shares to be issued will vary with changes in the fair value.

Due to the varying number of shares to be issued the loan notes are treated as liabilities and not split between equity and liabilities. The liability is initially and subsequently measured at fair value, with the fair value movements recognised in the Statement of Comprehensive Income.

Transaction costs that relate to the issue of the instrument are expensed to the Statement of Comprehensive Income.

3. Employees

The average monthly number of employees, including directors, during the year was 33 (2020 - 34).

4. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	**204,000**	204,000
Company contributions to defined contribution pension schemes	**8,160**	8,460
	212,160	212,460

5. Intangible assets

	Development expenditure £
Cost	
At 1 January 2021	**1,826,641**
Additions - internal	**1,677,784**
At 31 December 2021	**3,504,425**
Amortisation	
At 1 January 2021	**41,803**
Charge for the year on owned assets	**274,677**
At 31 December 2021	**316,480**
Net book value	
At 31 December 2021	**3,187,945**
At 31 December 2020	1,784,838

6. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	**1,584**	**88,556**	**90,140**
Additions	**-**	**3,113**	**3,113**
Disposals	**(1,214)**	**(4,731)**	**(5,945)**
At 31 December 2021	**370**	**86,938**	**87,308**
Depreciation			
At 1 January 2021	**765**	**51,632**	**52,397**
Charge for the year on owned assets	**147**	**21,747**	**21,894**
Disposals	**(732)**	**(3,163)**	**(3,895)**
At 31 December 2021	**180**	**70,216**	**70,396**
Net book value			
At 31 December 2021	**190**	**16,722**	**16,912**
At 31 December 2020	819	36,924	37,743

Immense Simulations Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	**771**
Additions	**353**
At 31 December 2021	**1,124**
Net book value	
At 31 December 2021	**1,124**
At 31 December 2020	771

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Immense Simulations Inc	USA	Ordinary	100%
Immense Simulations Barcelona S L	Spain	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Immense Simulations Inc	**14,924**	**427**
Immense Simulations Barcelona S L	**27,875**	**12,539**

8. Debtors

	2021 £	2020 £
Trade debtors	**200,730**	153,914
Other debtors	**14,407**	44,939
Prepayments and accrued income	**162,671**	329,149
Corporation tax	**255,501**	335,236
	633,309	863,238

9. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	**888,377**	2,060,127

10. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	**44,569**	44,569
Trade creditors	**88,694**	112,769
Other taxation and social security	**92,094**	130,675
Other creditors	**10,309**	14,823
Accruals and deferred income	**159,455**	195,248
	395,121	498,084

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

	2021 £	2020 £
Bank loans	**68,480**	113,049
Other loans	**3,835,269**	2,325,000
	3,903,749	2,438,049

Other loans comprise convertible loans, with a maturity date of 6 October 2023, bearing interest at 8% per annum which is payable on conversion or on default of the loans. The loans will convert to the company's most senior class of shares on the occurrence of certain events.

12. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	**44,569**	44,569
Amounts falling due 1-2 years		
Bank loans	**68,480**	113,049
Other loans	**3,835,269**	-
Amounts falling due 2-5 years		
Other loans	-	2,325,000
	3,948,318	2,482,618

13. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,790,718 (2020 - 1,760,848) Ordinary shares of £0.001 each	**1,791**	1,761
656,131 (2020 - 656,131) Series A shares of £0.001 each	**656**	656
	2,447	2,417

In the year ended 31 December 2021 29,870 £0.001 ordinary shares were issued.

Series A shares have some preferential rights on liquidation but no dividends and no redemption rights.

14. Reserves

Share premium account

This includes any premiums received on issue of share capital.

Profit and loss account

This includes all current and prior period retained profits and losses.

15. Share based payments

The company operates share option schemes for directors and employees. The company recognises and measures its allocation of the share-based payment expense on a pro-rata basis.

An expense of £3,169 (2020 - £8,502) has been recognised in the year in the Statement of Comprehensive Income, and an increase in investments in subsidiaries of £353 (2020 - £771) relating to share options granted to employees of subsidiary companies.

All the options are exercisable at £0.20 per share. The vesting period is four years and will lapse on the tenth anniversary of the grant. Details of the share options outstanding during the year are as follows:

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	**20**	**202,625**	-	-
Granted during the year	**20**	**56,733**	20	211,843
Forfeited during the year	**20**	**(55,967)**	20	(3,470)
Exercised during the year	**20**	**(29,870)**	20	(5,748)
Outstanding at the end of the year	**20**	**173,521**	20	202,625

16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £72,661 (2020 - £78,228). Contributions totalling £9,826 (2020 - £13,841) were payable to the fund as at 31 December 2021 and are included in creditors.

17. Related party transactions

The company has taken exemption under FRS 102 section 1AC.35 from disclosing transactions with group companies, on the grounds that each company party to the transactions is wholly owned within the group.

During the year, the company made sales totalling £16,280 (2020 - £111,100) to Transport Systems Catapult (the parent company of Transport Systems Catapult Limited, a shareholder of the company.

18. Ultimate controlling party

There is no controlling party.