Registered number: SC586664

SKYRORA VENTURES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SKYRORA VENTURES LIMITED

COMPANY INFORMATION

Director	V Levykin
Registered number	SC586664
Registered office	4th Floor 115 George Street Edinburgh EH2 4JN
Independent auditor	MHA MacIntyre Hudson 2 London Wall Place London EC2Y 5AU

SKYRORA VENTURES LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Strategic report contains brief information about Skyrora Group (the Group), how we create value and how we run our business. It includes an overview of our strategy, business model, key performance indicators, and our approach to sustainability and risk.

More information about Skyrora Group can be found at www.skyrora.com.

The Strategic report is a part of the Annual report and accounts 2021.

Business review

Skyrora Group is a leading Scottish New Space group of enterprises that designs and manufactures dedicated satellite launch systems, ancillary space equipment, and green technologies under Skyrora, Ecosene and other brands. The Group also invests in non-space businesses.

The year 2021 was marked by significant uncertainty, compounded by the effects of the global pandemic, negative macroeconomic trends, including inflation, reduced investment and foreign exchange, disruptions in supply chains, reduced availability of skilled labour and underdeveloped space launch regulations.

Despite the challenges, the Group advanced further in its core technology development and is building momentum on its path to going commercial. Financially, the Group entities had a resilient and robust balance sheet designed to withstand volatility, and the non-space business demonstrated improved revenue performance.

In 2021 senior management has continued to align the business model and technology with the changing market environment and the strategic plan designed to address this. The redesigned strategy will enable the Group to become a vertical integrator of the entire space-enabled value chain on our way to making space more accessible, greener, and cheaper.

Our primary focus is the technological readiness and safety of our partners and staff, so we continue to deliver on our promises. Our scale, diversity and strength of our balance sheet allow us to meet any short-term challenges.

Business model

The Group's core business model focuses on developing, manufacturing, and operating integrated rocket launch systems to provide end-to-end launch services under the Skyrora brand.

Skyrora's principal launch vehicle is a three-stage liquid propulsion rocket Skyrora XL. It uses hydrogen peroxide and kerosene, which offers system-level benefits: storable (non-cryogenic) and green (non-toxic) propellants, allowing for a 'fuel and go system' for launch. XL meets the needs of the satellite industry, providing a low shock and low vibration environment.

Skyrora XL's projected mass delivery per year will be 4082 kg at its 16 launches cadence with a maximum payload of 315 kg at 81% fill-rate. Skyrora has considerable traction and interest for XL, by the end of 2021 holding 23 LOIs with satellite operators and 2 spaceport MOUs , that could potentially be converted into more than £500 million of revenues at £30 thousand per kilogram competitive price point.

In addition, in 2021, the Group continued to develop its non-space business, including online business advertising services under various brands through its subsidiaries. This business model is based on premium advertising traffic resale through a state-of-the-art SaaS platform that analyses and optimises marketing performance and provides integrated tools that automate core business processes, including traffic distribution, preventing fraudulent transactions etc. These revenue streams offer additional financial support for developing the core space business model.

Technical review

In the emergent European small satellite launcher industry, continued rapid growth and the achievement of key technical milestones is key in getting to market and providing a commercial launch service. 2021 has seen the Group reach many milestones in-line with our technical development plan for this financial year.

Multiple projects, detailed below, were initiated in 2021. By the end of the year, we had successfully applied for and received grant funding from the European Space Agency, as part of their Commercial – Space Transportation Services (C-STS) programme; we had set up our primary production facility for suborbital and orbital vehicles, as well building and commissioning the UK's largest liquid rocket engine test facility. This enabled the beginning of our 70kN turbopump engine qualification programme in Q4 2021.

These milestones utilised the growth of the team and increased the engineering departments capabilities. One of the biggest projects was completing the design, build and commissioning of our rocket engine test facility, which formed one of our C-STS technical milestones. This in-house capability unlocked other benefits, such as 70kN engine qualification which in turn, accelerated development of our 2nd stage. Work was also done to prepare for an inaugural launch of our suborbital vehicle, Skylark L, and for the manufacture and static fire test of our 2nd stage. COVID-19 still had a notable impact in 2021 and supply chain issues were exacerbated by the Suez Canal incident. In spite of this, Skyrora has been able to realise key technical achievements, maintained momentum in our developmental programme and set clear objectives to complete in 2022.

Milestone	Description
Tracking System TRL Raising	Skyrora has developed proprietary tracking systems in-house to reduce reliance on external ground systems. Through a combination of high-altitude balloon launches as well as sounding rocket launches, we were able to test these systems in an operating environment. This enabled essential data capture to improve the systems and raise the overall TRL to TRL 6.
Construct Skyrora Propulsion Test Facility	The Skyrora Propulsion Test Facility was constructed and commissioned in November 2021. This facility is capable of hosting tests of Skyrora's full suite of propulsion technology, and the achievement formed the 1st technical milestone agreed with ESA.
Test Fire 70kN Engines	Two 70kN engines were built and tested within 2021 as part of the 70kN qualification campaign. A total of 5 test fires were conducted prior to the end of the year, with the qualification programme to be continued and complete in 2022. Building on the design data from the 30kN qualification programme, we successfully conducted all 5 tests. Achieving this milestone pushed forward both the orbital and suborbital qualification programmes.
Set Up Primary Launch Vehicle Production Facility	In mid-2021, Skyrora set up a new production facility to accommodate production and testing scale up. This project was essential to our technical development by enabling us to keep manufacture and testing capabilities in-house. Through this, we could grow the team further and maintain our timeline for getting to orbit.
Manufacture 2nd Stage	Following the successful qualification of the 3rd stage in late 2020, the next milestone was to manufacture the 2nd stage of the Skyrora XL in preparation for testing. The 2nd stage is powered by a single, vacuum optimised 70kN engine. Qualification of the 2nd stage is a critical technical milestone, so manufacture was a high priority in 2021. Stage manufacture was completed in Q3 with functional and leak tests completed shortly after.
Perform 2nd Stage Cold Flow Tests	In Q4, we conducted a cold flow test on the 2nd stage as part of our verification and validation plan. This milestone is a key precursor to performing full hot fire tests.
In-House Additive Manufacturing Setup	As part of our strategic aim to be vertically integrated as a launch service provider, we designed multi-alloy 3D printing machine to use in the production of engine components. This design was completed in 2021 and was an important milestone in bringing production capability in-house. This serves to bring us tighter controls on supply chain and quality in our products. Manufacture of this printer began in 2021 and is expected to be completed in 2022.

KPIs

We use a number of financial and non-financial metrics to help the Board and senior management assess performance against three dimensions: our strategic priorities (excel at the fundamentals, deliver technical progress, invest in sustainable growth); our vision to deliver an integrated service; and our purpose: make space more accessible, greener and cheaper. These metrics are reviewed regularly to ensure that they remain appropriate.

Non-financial KPIs

Technical	
Milestones completed	
We define a Technical Milestone as a key step in achieving the completion of the orbital launch service. It shows that we demonstrate the progression of our technical systems to create the launch service.	Milestones 2021: 7 2020: 8 12.5% decrease
Engines manufactured and tested	
Number of engines manufactured has reduced by 20% to 4 and number of engines tested has reduced 50% to 3. This is due to the move into production of the 70kN engine, a more complex engine than previous engines tested in 2020. Engines are the critical production item with long lead time components and relatively high production requirements. Tracking the number and speed at which engines can be produced is critical for the delivery of our launch cadence.	Manufactured/Tested: 2021: 4/3 2020: 5/6 20%/50% decrease
Suborbital vehicles manufactured	
A key step to achieving commercial viability is to have a secondary fleet of Skyrora L vehicles for Sub Orbital flights. This indicator allows us to track. our progress in producing a sustainable production to provide the launch cadence required.	Manufactured: 2021: 1 2020: 1 No change
Ground facilities	
A key technical step is for the expansion of our ground testing and manufacturing facilities and to vertically integrate our production and testing to provide better control over our launch vehicle production.	Facilities: 2021: 4 2020: 2 100% increase
Technical staff growth	
Technical staff globally (including our office in the UK and Ukraine) has grown 13.5% to 151 people. Technical growth in staff is proportional to the speed we can develop systems and equipment. It is essential that we measure our staff growth against milestone achievement to ensure effective growth.	Headcount: 2021: 151 2020: 133 13.5% increase
Operational and commercial	
Staff growth	
Overall headcount of Skyrora offices globally has grown 66% to 251 people (including contractors). Staff growth is proportional to the speed we can develop systems and grow our business. It is essential that we measure our staff growth against milestone achievement to ensure effective growth.	Growth: 2021: 251 2020: 151 66% increase

Financial review

A summary of the financial metrics used to measure our performance, including key performance indicators and alternative performance measures (APMs) where appropriate, is shown below.

The year 2021 was marked by significant uncertainty, compounded by the effects of the global pandemic, supply chain disruption, and macro trends, including inflation, reduced investment, and foreign exchange. However, we have a resilient and robust balance sheet to withstand volatility.

Group's principal operating entities are well capitalised and within their normal working ranges. In 2021 Skyrora received £1.4 million under the £2.5 million contract with ESA, which marks a significant milestone of the first substantial government investment and is a considerable increase compared to the previous period. This funding conveys the confidence of competent stakeholders in Skyrora's technology and ability to complete the development of a commercial service. At the same time, the private equity funding received in 2021 was insufficient, which is our most important area for growth in 2022.

Group's non-space subsidiaries have demonstrated significantly improved revenue performance, a 300% increase to £15.6 million.

Our 2022 targets include improving cost efficiency, reducing forex losses, and enhancing sustainable capital generation while investing wisely to grow the company. Our focus is on increasing the company's value by sustaining private and public funding and avoiding volatility through prudent and proactive financial management. Our 2021 results show we are on the right path, and we envisage significant upside in performance and value from delivering further progress.

Financial KPIs

Capital and liquidity	
Private investment	
Private equity investments into the group's capital in 2021 constituted additional £3 million. Achieving sufficient funding as a key prerequisite in achieving the completion of the commercial service.	2021: £3,000 thousand
Government funding	
In 2021 Skyrora received £1.48 million under the £2.5 million contract with ESA, which marks a significant milestone of the first substantial government investment and is a considerable increase compared to the previous period. This funding conveys the confidence of competent stakeholders in Skyrora's technology and ability to complete the development of a commercial service.	2021: £1,481 thousand 2020: £8.5 thousand 17323% increase
Revenues	
Group revenues from the Group's subsidiaries in online advertising industry (non-core business model) increased by 300% to £15.6 million, which included significantly improved performance in the UK region and globally. The launch services (core business model) remains in development.	2021: £15,604 thousand 2020: £3,898 thousand 300% increase
Profit margin	
Net profit margin for online advertising services business reduced to 17.5% from 22% in 2020 due to increase of operational costs.	2021: 17.5% 2020: 22% 20% reduction

SKYRORA VENTURES LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Types of risk inherent to our business model include commercial, organisational, licensing and space regulations, technical and safety. Financial risks include liquidity risk, currency risk, and credit risk.

Rigorous and consistent risk management is embedded across the Group through our risk management framework. The processes we use to identify, measure, manage, monitor, and report risks are designed to enable dynamic risk-based decision-making and effective day-to-day risk management.

Description	Mitigating actions
Due to the pandemic, there was the risk of nationwide lockdowns disrupting the availability and workflow. It also disrupted supply chain due to isolation and reduced external staff.	Implement a safe working area within the offices and follow the guidelines from the government.
Reduced number of skilled jobs in the space sector to allow the production rates required for the business to grow.	Engage with local councils and training organisations to allow more personnel to be trained from a further education standpoint and increase involvement with the sector.
Liquidity risk is the risk of not being able to make payments when they become due because there are insufficient assets in cash form.	The group ensures sufficient liquidity to meet foreseeable needs and seeks to invest cash into profitable areas. The group achieves this through management's day to day involvement of the business.
Foreign exchange risk.	Foreign exchange differences on assets and liabilities at the balance sheet date are taken into the profit and loss account of the Group. Actions taken to reduce forex losses through proactive financial management and use of forward contracts and other derivatives.
Credit risk that principally arises from trade debtors.	To manage credit risk credit limits are set for customers, determined from payment history and third-party credit references.

This report was approved by the board and signed on its behalf.

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V Levykin
Director

Date: 01-Dec-2022

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report and the financial statements for the year ended 31 December 2021.

Director's responsibilities statement

The director is responsible for preparing the Group strategic report, Director's report and the consolidated financial statements, in accordance with applicable law.

Company law requires the director to prepare consolidated financial statements for each financial year. Under that law he has elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the director must not approve the consolidated financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Principal activity

The principal activity of the Group is to be the leading UK launch company and to become the number one commercial provider of access to space.

Results and dividends

The loss for the year, after taxation, amounted to £6,293,086 *(2020 -loss £4,499,482)*.

Director

The director who served during the year was:

V Levykin

Financial instruments

The Group's operations expose it to financial risk that include credit and liquidity risk. The details of such risks can be found within the notes of the financial statements.

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

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V Levykin
Director

Date: 01-Dec-2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYRORA VENTURES LIMITED

Opinion

We have audited the financial statements of Skyrora Ventures Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Company Statement of financial position, the Consolidated statement of cash flows, the Company Statement of cash flows, the Consolidated statement of changes in equity, the Company Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 21 - 31. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

Except for the matters as described in the basis for qualified opinion paragraph, in our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We did not observe the counting of physical inventories at the year end, and we are unable to satisfy ourselves by alternative means concerning the existence and quantities of inventories held at 31 December 2020 as reported in the financial statements of £831,161. As a result, we are unable to determine whether adjustments were needed to inventories as well as items of the statement of comprehensive income, statement of cash flows and statement of changes in equity.

Material uncertainty related to going concern

We draw attention to note 3.2 in the financial statements, which states that the Group and Parent Company incurred substantial losses during the year and that the Group and Parent Company's operational existence is dependent on the Group's ability to access additional sources of funding to support their research & development activities and working capital requirements.

The impact of this together with other matters set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the director's assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included reviewing detailed forecasts and cashflows for 12 months from the date of signing the audit report together with the assumptions underpinning these forecasts. We assessed the Directors' sensitivity analysis and the reasonableness of these documents by reference to market conditions. We also reviewed available banking facilities and covenant requirements.

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 or 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.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKYRORA VENTURES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the director's responsibilities statement on page 8, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the 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 director either intends 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.

Auditor's responsibilities for the audit of the financial statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with law and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rational of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters

In the previous accounting period the director of the Company took advantage of audit exemption under s477 of the Companies Act. Therefore, the prior period financial statements were not subject to audit.

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.

DocuSigned by:

Andrew Moyser

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Andrew Moyser FCA FCCA (Senior statutory auditor)
for and on behalf of
MHA MacIntyre Hudson, Statutory Auditor
London
Date: 02-Dec-2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Revenue	6	**15,237,207**	*3,898,667*
Cost of sales		**(13,834,399)**	*(3,739,972)*
Gross profit		**1,402,808**	*158,695*
Other operating income	7	**1,489,683**	*70,388*
Administrative expenses		**(9,985,765)**	*(5,683,113)*
Loss from operations		**(7,093,274)**	*(5,454,030)*
Finance income	12	**48,119**	*5,820*
Finance expense	12	**(6,750)**	*(2,785)*
Loss before tax		**(7,051,905)**	*(5,450,995)*
Tax credit	13	**758,819**	*951,513*
Loss for the year		**(6,293,086)**	*(4,499,482)*
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Exchange gains arising on translation on foreign operations		**(102,305)**	*(17,913)*
Total comprehensive income		**(6,395,391)**	*(4,517,395)*

The notes on pages 21 to 53 form part of these financial statements.

SKYRORA VENTURES LIMITED
REGISTERED NUMBER: SC586664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	14	**1,164,590**	*417,162*
Intangible assets	15	**16,786**	*3,524*
Deferred tax assets	13	-	*2,398*
		1,181,376	*423,084*
Current assets			
Inventories	17	**2,282,623**	*831,161*
Trade and other receivables	18	**8,609,369**	*8,319,669*
Cash and cash equivalents	27	**7,908,132**	*16,177,179*
		18,800,124	*25,328,009*
Total assets		**19,981,500**	*25,751,093*
Liabilities			
Non-current liabilities			
Trade and other liabilities	19	**4,509**	*50,437*
Deferred tax liability	13	**(1,627)**	-
		2,882	*50,437*
Current liabilities			
Bank overdraft	27	**4,126**	*611*
Trade and other liabilities	19	**1,566,445**	*906,222*
		1,570,571	*906,833*
Total liabilities		**1,573,453**	*957,270*
Net assets		**18,408,047**	*24,793,823*

SKYRORA VENTURES LIMITED
REGISTERED NUMBER: SC586664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2021

	Note	**2021** **£**	*2020* *£*
Issued capital and reserves attributable to owners of the parent			
Share capital	21	**35,000,001**	*35,000,001*
Foreign exchange reserve		**(104,767)**	*(12,085)*
Retained earnings		**(16,487,187)**	*(10,194,093)*
		18,408,047	*24,793,823*
TOTAL EQUITY		**18,408,047**	*24,793,823*

The financial statements on pages 13 to 53 were approved and authorised for issue by the board of director and were signed on its behalf by:

DocuSigned by:

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V Levykin
Director
Date: 01-Dec-2022

The notes on pages 21 to 53 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	14	**466**	*932*
Other non-current investments	16	**23,446,763**	*9,138,341*
		23,447,229	*9,139,273*
Current assets			
Trade and other receivables	18	**5,886,194**	*9,683,252*
Cash and cash equivalents	27	**3,939,002**	*14,647,603*
		9,825,196	*24,330,855*
Total assets		**33,272,425**	*33,470,128*
Liabilities			
Current liabilities			
Trade and other liabilities	19	**920,903**	*188,555*
Total liabilities		**920,903**	*188,555*
Net assets		**32,351,522**	*33,281,573*
Issued capital and reserves attributable to owners of the parent			
Share capital	21	**35,000,001**	*35,000,001*
Retained earnings		**(2,648,479)**	*(1,718,428)*
TOTAL EQUITY		**32,351,522**	*33,281,573*

The Company's loss for the year was £930,051 (2020 - £1,338,455).

The financial statements on pages 13 to 53 were approved and authorised for issue by the board of director and were signed on its behalf by:

DocuSigned by:

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V Levykin
Director
Date: 01-Dec-2022

The notes on pages 21 to 53 form part of these financial statements.

SKYRORA VENTURES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£
At 1 January 2020	20,000,001	5,828	(5,694,611)	14,311,218	14,311,218
Comprehensive income for the year					
Loss for the year	-	-	(4,499,482)	(4,499,482)	(4,499,482)
Other comprehensive income	-	(17,913)	-	(17,913)	(17,913)
Total comprehensive income for the year	-	(17,913)	(4,499,482)	(4,517,395)	(4,517,395)
Contributions by and distributions to owners					
Issue of share capital	15,000,000	-	-	15,000,000	15,000,000
Total contributions by and distributions to owners	15,000,000	-	-	15,000,000	15,000,000
At 31 December 2020	**35,000,001**	**(12,085)**	**(10,194,093)**	**24,793,823**	**24,793,823**
At 1 January 2021	35,000,001	(2,462)	(10,194,101)	24,803,438	24,803,438
Comprehensive income for the year					
Loss for the year	-	-	(6,293,086)	(6,293,086)	(6,293,086)
Other comprehensive income	-	(102,305)	-	(102,305)	(102,305)
Total comprehensive income for the year	-	(102,305)	(6,293,086)	(6,395,391)	(6,395,391)
Contributions by and distributions to owners					
At 31 December 2021	**35,000,001**	**(104,767)**	**(16,487,187)**	**18,408,047**	**18,408,047**

The notes on pages 21 to 53 form part of these financial statements.

SKYRORA VENTURES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Retained earnings (restated)	Total equity (restated)
	£	£	£
At 1 January 2020 (as previously stated)	16,900,001	(379,973)	16,520,028
Prior year adjustment	3,100,000	-	3,100,000
At 1 January 2020 (as restated)	20,000,001	(379,973)	19,620,028
Comprehensive income for the year			
Loss for the year	-	(1,338,455)	(1,338,455)
Total comprehensive income for the year	-	(1,338,455)	(1,338,455)
Contributions by and distributions to owners			
Issue of share capital	15,000,000	-	15,000,000
Total contributions by and distributions to owners	15,000,000	-	15,000,000
At 31 December 2020	**35,000,001**	**(1,718,428)**	**33,281,573**
At 1 January 2021	35,000,001	(1,718,428)	33,281,573
Comprehensive income for the year			
Loss for the year	-	(930,051)	(930,051)
Total comprehensive income for the year	-	(930,051)	(930,051)
Contributions by and distributions to owners			
At 31 December 2021	**35,000,001**	**(2,648,479)**	**32,351,522**

The notes on pages 21 to 53 form part of these financial statements.

SKYRORA VENTURES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	*2020* *£*
Cash flows from operating activities			
Loss for the year		**(6,293,086)**	*(4,499,482)*
Depreciation of property, plant and equipment	14	**228,077**	*201,420*
Amortisation of intangible fixed assets	15	**8,313**	*8,992*
Finance income	12	**(48,119)**	*(5,820)*
Finance expense	12	**6,750**	*2,785*
Loss on sale of property, plant and equipment		**-**	*894*
Net foreign exchange (gain)/loss		**(104,181)**	*24,275*
Income tax expense	13	**(758,819)**	*(951,513)*
		(6,961,065)	*(5,218,449)*
Movements in working capital:			
Decrease/(increase) in trade and other receivables		**639,923**	*(1,878,303)*
Increase in inventories		**(1,451,462)**	*(434,597)*
Increase in trade and other payables		**614,295**	*192,625*
Cash generated from operations		**(7,158,309)**	*(7,338,724)*
Income taxes paid		**(170,804)**	*1,285,528*
Net cash used in operating activities		**(7,329,113)**	*(6,053,196)*
Cash flows from investing activities			
Purchases of property, plant and equipment		**(984,818)**	*(352,692)*
Interest received		**48,119**	*5,820*
Net cash used in investing activities		**(936,699)**	*(346,872)*
Cash flows from financing activities			
Issue of ordinary shares		**-**	*13,222,992*
Interest paid on convertible loan notes		**(6,750)**	*(2,785)*
Net cash (used in)/from financing activities		**(6,750)**	*13,220,207*
Net cash (decrease)/increase in cash and cash equivalents		**(8,272,562)**	*6,820,139*
Cash and cash equivalents at the beginning of year		**16,176,568**	*9,356,429*
Cash and cash equivalents at the end of the year	27	**7,904,006**	*16,176,568*

The notes on pages 21 to 53 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	*2020 £*
Cash flows from operating activities			
Loss for the year		**(930,051)**	*(1,338,455)*
Adjustments for			
Depreciation of property, plant and equipment	14	**466**	*466*
		(929,585)	*(1,337,989)*
Movements in working capital:			
Decrease/(increase) in trade and other receivables		**3,797,058**	*(4,806,020)*
Increase in trade and other payables		**732,348**	*180,875*
Cash generated from operations		**3,599,821**	*(5,963,134)*
Net cash from/(used in) operating activities		**3,599,821**	*(5,963,134)*
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**-**	*(1,630,640)*
Purchase of share capital in subsidiaries		**(14,308,422)**	*-*
Net cash used in investing activities		**(14,308,422)**	*(1,630,640)*
Cash flows from financing activities			
Issue of ordinary shares		**-**	*13,222,992*
Net cash from financing activities		**-**	*13,222,992*
Net cash (decrease)/increase in cash and cash equivalents		**(10,708,601)**	*5,629,218*
Cash and cash equivalents at the beginning of year		**14,647,603**	*9,018,385*
Cash and cash equivalents at the end of the year	27	**3,939,002**	*14,647,603*

The notes on pages 21 to 53 form part of these financial statements.

1. General information

Skyrora Ventures Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in Scotland. The Company's registered office, which is also its principal place of business, can be found on the company information page of the financial statements.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The nature of the Group's operation and its principal activities are set in the strategic report.

2. Basis of preparation

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the UK (collectively IFRSs). They were authorised for issue by the Company's board of directors on .

Details of the Group's accounting policies, including changes during the year, are included in note 3.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of comprehensive income in these financial statements.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Right of use assets	Historical cost less accumulated amortisation and accumulated impairment loss adjusted to the revluation of the lease liabilities.

2. Basis of preparation (continued)

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2021

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('ISAB') that are mandatory for the current reporting period.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 1 - First time Adoption of International Financial Reporting Standards - Amendments - 1 January 2022
IFRS 3 - Conceptual Framework - Amendments - 1 January 2022
IFRS 9 - Financial Instruments - Amendments - 1 January 2022
IAS 16 - Property, Plant and Equipment - Amendments - 1 January 2022
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amendments - 1 January 2022

The director anticipates that the adoption of these Standards and interpretations that are not yet effective in future periods only have an impact on the results and net assets of the Company, however, it is too early to quantify this.

3. Accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and

3. Accounting policies (continued)

3.1 Basis of consolidation (continued)

to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2 Going concern

Whilst the consequences of the Coronavirus pandemic are still affecting the global economy and the rate of recovery, over the last year, the directors have put into place all the relevant measures intended to minimise the impact of the crisis on the company. At the date of signing the balance sheet, there is further global uncertainty caused by world events, including the war in Ukraine, inflation and supply chain shortages. These factors are continuously monitored by the directors, and the impacts mitigated, where possible, with planning, supply chain and cost management.

Skyrora has existing and potential future funding sources, including funding from the shareholders and revenues from suborbital and orbital launch services in 2023-25, expected to grow substantially in subsequent years (by the end of the reporting period Skyrora had more than 20 client LOIs). Skyrora is also in the process of raising additional grants from the ESA and other government authorities. Whilst some uncertainties still exist, and these may cast doubt on the company's ability to continue as a going concern, the directors believe that the actions they have taken should enable it to continue operational existence for at least twelve months from the approval of these accounts.

3.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue for the year comprises commission from the resale of marketing traffic to advertisers through a third party platform. Revenue is recognised as it is sold to advertisers on a cost per lead basis.

3.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and recognised as a right-of-use asset, as detailed below. All other leases are classified as operating leases.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Accounting policies (continued)

3.4 Leasing (continued)

The Group as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The Group uses the rate of raising additional borrowed funds on the lease commencement date, if the interest rate provided for the lease in agreement cannot be easily determined.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'trade and other payables' line in the Consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

3. Accounting policies (continued)

3.5 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for *hedging accounting policies); and*
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. Accounting policies (continued)

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.8 Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated Consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Accounting policies (continued)

3.8 Taxation (continued)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates and laws that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the expected manner of recovery of the assets and how the carrying amounts of liabilities are settled.

3.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Freehold property	4 years straight line
Construction in progress	4 years straight line
Right of use asset	Over the life of the lease
Plant and machinery	10 years straight line
Motor vehicles	3 years straight line
Fixtures and fittings	4 -10 years straight line
Office equipment	3 years straight line
Production Equipment	4 - 10 years straight line

3. Accounting policies (continued)

3.10 Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Development expenditure	10 - 20 years on a straight line basis.

(ii) Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. Accounting policies (continued)

3.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.14 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. Accounting policies (continued)

3.14 Financial liabilities and equity instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'fair value gains/losses' line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance income' or 'finance expense' line item, for gains and losses respectively, in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

3. Accounting policies (continued)

3.15 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

3.16 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 know amounts of cash with insignificant risk of change in value.

3.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

4. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

5. Accounting estimates and judgments

5.1 Judgment

In the application of the company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of asses and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic 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.

Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to depreciation, potential impairments of investments in subsidiaries, and classification of preference shares between equity and liability.

Management has assessed the recoverability of inter-company and related company balances based on the expected future performance of the concerned companies, including financial performance (expected to become revenue-generating in the coming years), and identifying any potential risks of their operations. The judgment did not result in any material provisions.

5. Accounting estimates and judgments (continued)

5.2 Estimates and assumptions

Useful economic lives of property, plant and equipment

The Company assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8, Accounting Policies, Changes in Accounting, Estimates and Errors. These estimates may have a material impact on the carrying values of property, plant and equipment and on depreciation recognised in the statement of comprehensive income.

Inventories

Management assess the need to write off inventories to their net realisable value, taking into account the price at which inventories can be sold on the reporting date with the purpose for which the inventories are stored. If the cost of inventories is not covered completely, the Group must take into account the adjustment of inventories' cost to their net realisable value. Net realisable value is estimated with reference to market conditions and prices, external consulting, and results of the recent market transactions.

6. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2021	*2020*
	£	*£*
Sale of goods	**15,237,207**	*3,898,667*
	15,237,207	*3,898,667*

Analysis of revenue by country of destination:

	2021	*2020*
	£	*£*
United Kingdom	**15,237,207**	*3,898,667*
	15,237,207	*3,898,667*

All revenue relates to the resale of marketing traffic and is recognised at a point in time, being at the point the lead is generated for advertisers.

7. Other operating income

	2021 £	2020 £
Other operating income	**74,246**	*61,866*
Government grants receivable	**1,411,997**	*8,522*
Sundry income	**3,440**	-
	1,489,683	*70,388*

During 2021 the government grant income relates to the European Space Agency Grant monies received. Whilst amounts recieved in 2020 relate to the utilisation of the Coronavirus Job Retention Scheme as a contribution towards wages costs.

8. Expenses by nature

	2021 £	2020 £
Depreciation of property, plant and equipment	**228,077**	*201,420*
Amortisation of intangible assets	**8,313**	*8,892*
Research and development costs	**6,799,425**	*2,430,189*

9. Employee benefit expenses

Group

	2021 £	*2020 £*
Employee benefit expenses (including director) comprise:		
Wages and salaries	**2,234,100**	*1,147,577*
National insurance	**361,909**	*58,035*
Defined contribution pension cost	**42,475**	*9,345*
	2,638,484	*1,214,957*

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and comprises the director of the Company listed on page 1.

	2021 £	*2020 £*
Salary	**72,692**	*70,000*
Defined contribution scheme costs	**-**	*1,314*
	72,692	*71,314*

The monthly average number of persons, including the director, employed by the Group during the year was as follows:

	2021 No.	*2020 No.*
Administration	**26**	*41*
Production	**67**	*15*
Technical and R&D	**104**	*134*
Directors	**3**	*2*
	200	*192*

The monthly average number of persons, including the directors, employed by the Company during the year was 1, (2020: 1).

10. Auditor's remuneration

During the year, the Group obtained the following services from the Group's auditor and its associates:

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's financial statements	**40,425**	*38,500*

11. Director's remuneration

	2021 £	2020 £
Director's emoluments	**72,692**	*70,000*
Group contributions to pension schemes	**-**	*1,314*
	72,692	*71,314*

12. Finance income and expense

Recognised in profit or loss

	2021 £	2020 £
Finance income		
Other interest receivable	**48,119**	*5,820*
Total finance income	**48,119**	*5,820*
Finance expense		
Bank interest payable	**6,750**	*2,785*
Total finance expense	**6,750**	*2,785*
Net finance income recognised in profit or loss	**41,369**	*3,035*

13. Tax expense

13.1 Income tax recognised in profit or loss

	2021 £	*2020 £*
Current tax		
Current tax on profits for the year	**(758,819)**	*(947,283)*
Adjustments in respect of prior years	**-**	*(6,213)*
Total current tax	**(758,819)**	*(953,496)*
Deferred tax expense		
Origination and reversal of timing differences	**-**	*1,983*
Total deferred tax	**-**	*1,983*
	(758,819)	*(951,513)*

	2021 £	*2020 £*
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	**(758,819)**	*(951,513)*
	(758,819)	*(951,513)*

13. Tax expense (continued)

13.1 Income tax recognised in profit or loss (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2021 £	2020 £
Loss for the year	(6,293,086)	(4,499,482)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	(758,819)	(951,513)
Loss before income taxes	**(7,051,905)**	(5,450,995)
Tax using the Company's domestic tax rate of 19% (2020:19%)	(1,339,862)	(1,035,689)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	155,478	4,857
Adjustments to tax charge in respect of prior periods	(191,313)	(6,213)
Surrender of tax losses for research and development credit	(2,211,976)	237,532
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	2,826,899	(750,795)
Variance to overseas tax rate	(135,737)	10,849
Deferred tax	-	(9,410)
Adjustment in deferred tax not recognised	273,777	597,356
Remeasurement of deferred tax changes in tax rates	(136,085)	-
Total tax expense	**(758,819)**	(951,513)

13. Tax expense (continued)

13.2 Current tax assets and liabilities

	2021 **£**	*2020* *£*
Current tax asset		
Tax recoverable	**2,668,619**	*986,523*

13.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	2021 **£**	*2020* *£*
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- tax losses (revenue in nature)	**2,467,849**	*473,926*
	2,467,849	*473,926*

14. Property, plant and equipment

Group

	Freehold property £	Construction in progress £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Production Equipment £	Right of use assets £	Total £
Cost or valuation									
At 1 January 2020	-	4,553	31,387	17,850	116,590	44,540	203,020	101,507	519,447
Additions	-	185,517	22,862	2,095	11,846	17,596	-	112,776	352,692
Disposals	-	-	-	-	-	-	(1,095)	-	(1,095)
Transfers between classes	879	(165,284)	-	-	21,171	-	139,629	-	(3,605)
Foreign exchange movements	(41)	(12,282)	-	-	(5,874)	(1,526)	(38,561)	(9,183)	(67,467)
At 31 December 2020	838	12,504	54,249	19,945	143,733	60,610	302,993	205,100	799,972
Additions	-	350,514	350,677	4,490	201,542	77,595	-	-	984,818
Transfers between classes	-	(346,534)	-	-	31,299	-	293,838	-	(21,397)
Foreign exchange movements	38	570	-	-	642	221	8,145	3,803	13,419
At 31 December 2021	**876**	**17,054**	**404,926**	**24,435**	**377,216**	**138,426**	**604,976**	**208,903**	**1,776,812**

14. Property, plant and equipment (continued)

	Freehold property £	Construction in progress £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Production Equipment £	Right of use assets £	Total £
Accumulated depreciation and impairment									
At 1 January 2020	-	-	4,970	1,961	43,631	18,052	92,618	46,738	207,970
Charge owned for the year	52	-	4,596	5,950	31,810	16,584	67,865	74,563	201,420
Disposals	-	-	-	-	-	-	(201)	-	(201)
Exchange adjustments	(4)	-	-	-	(7,210)	(496)	(18,669)	-	(26,379)
At 31 December 2020	48	-	9,566	7,911	68,231	34,140	141,613	121,301	382,810
Charge owned for the year	58	-	21,392	6,693	44,087	23,762	88,178	43,907	228,077
Exchange adjustments	1	-	-	-	641	(42)	735	-	1,335
At 31 December 2021	**107**	**-**	**30,958**	**14,604**	**112,959**	**57,860**	**230,526**	**165,208**	**612,222**
Net book value									
At 1 January 2020	-	4,553	26,417	15,889	72,959	26,488	110,402	54,769	311,477
At 31 December 2020	790	12,504	44,683	12,034	75,502	26,470	161,380	83,799	417,162
At 31 December 2021	769	17,054	373,968	9,831	264,257	80,566	374,450	43,695	1,164,590

14. Property, plant and equipment (continued)

14.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated statement of financial position is as follows:

	31 December 2021 £	*31 December 2020 £*
Property, plant and equipment owned	**1,164,590**	*333,363*
Right-of-use assets, excluding investment property	**-**	*83,799*
	1,164,590	*417,162*

Information about right-of-use assets is summarised below:

Net book value

	31 December 2021 £	*31 December 2020 £*
Property	**-**	*83,799*

Depreciation charge for the year ended

	31 December 2021 £	*31 December 2020 £*
Right of use assets	**43,907**	*74,563*

Additions to right-of-use assets

	31 December 2021 £	*31 December 2020 £*
Additions to right-of-use assets	**-**	*112,776*

14. Property, plant and equipment (continued)

Company

	Fixtures and fittings £
Cost or valuation	
At 1 January 2020	1,864
At 31 December 2020	1,864
At 31 December 2021	**1,864**

	Fixtures and fittings £
Accumulated depreciation and impairment	
At 1 January 2020	466
Charge owned for the year	466
At 31 December 2020	932
Charge owned for the year	466
At 31 December 2021	**1,398**
Net book value	
At 1 January 2020	1,398
At 31 December 2020	932
At 31 December 2021	466

15. Intangible assets

Group

	Development expenditure £
Cost	
At 1 January 2020	21,851
Transfers between classes	3,605
Foreign exchange movement	(3,651)
At 31 December 2020	21,805
Transfers between classes	21,411
Disposals	(15,846)
Foreign exchange movement	396
At 31 December 2021	**27,766**

	Development expenditure £
Accumulated amortisation and impairment	
At 1 January 2020	11,840
Charge for the year	8,992
Foreign exchange movement	(2,551)
At 31 December 2020	18,281
Charge for the year	8,313
Disposals	(15,846)
Foreign exchange movement	232
At 31 December 2021	**10,980**
Net book value	
At 1 January 2020	10,011
At 31 December 2020	3,524
At 31 December 2021	16,786

16. Other non-current investments

Details of the Companys subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting power held by the Group
Skyrora Limited	Professional, scientific and technical services	100
Enatech Limited	Research and development into composite manufac	100
Ecosene Limited	Development of an eco friendly fuel production methc	100
Responsive Access Limited	Professional, sceintific and technical services	100
Orbitalytics Services Limited	Information for the space exploration industry	100
HTP Chemical Limited	Plant based distillation	100
Saltire Connect Limited	Professional, sceintific and technical services	100
Orbitonix Ltd	New orbits of mobile development	100
Gorfion Digital Ltd (previously known as Orbitalimpulse Services Ltd)	Creation of liquid-propelled engines	100
Blue Trident Holdings Ltd	Professional, sceintific and technical services	100
Skyrora UA LLC *	Research and development in the field of space tech	100
Skyrora s.r.o *	Professional, sceintific and technical services	100

The above named subsidiaries all have the same registered address as the Company, which is included on the Company Information page, unless stated below.

All entities are all direct subsidiaries other than those marked with an ' * ' which are indirect subsidiaires. Their parent company is Skyrora Limited. Skyrora UA LLC's registered address is 61 Baykova str. Dnipro. Skyrora s.r.o's registered address is Cintorinska 7, 881 08, Bratislava, Slovakia.

Company

	2021	2020
	£	£
Cost or valuation		
At 1 January 2021	**9,138,341**	9,138,341
Additions	**14,308,422**	-
At 31 December 2021	**9,138,341**	9,138,341

17. Inventories

Group

	2021 **£**	*2020* *£*
Raw materials	**2,282,623**	*831,161*
	2,282,623	*831,161*

The amount of inventories recognised as an expense during 2021 was £519,820 *(2020 - £254,893)*.

18. Trade and other receivables

Group

	2021 **£**	*2020* *£*
Trade receivables	**2,313,052**	*403,643*
Less: provision for impairment of trade receivables	**-**	*-*
Trade receivables - net	**2,313,052**	*403,643*
Receivables from related parties	**708**	*106,848*
Receivables from participating interests	**1,821,208**	*1,534,885*
Total financial assets other than cash and cash equivalents classified as loans and receivables	**4,134,968**	*2,045,376*
Prepayments and accrued income	**28,610**	*218,654*
Unpaid share capital	**1,877,232**	*4,877,232*
Tax recoverable	**1,916,146**	*986,523*
Other receivables	**652,413**	*191,884*
Total trade and other receivables	**8,609,369**	*8,319,669*
Less: current portion - trade receivables	**(2,313,052)**	*(403,643)*
Less: current portion - prepayments and accrued income	**(28,610)**	*(218,654)*
Less: current portion - other receivables	**(652,413)**	*(191,884)*
Less: current portion - receivables from related parties	**(708)**	*(106,848)*
Less: current portion - receivables from participating interests	**(1,821,208)**	*(1,534,885)*
Less: current portion - taxation recoverable	**(1,916,146)**	*(986,523)*
Less: current portion - unpaid share capital	**(1,877,232)**	*(4,877,232)*
Total current portion	**(8,609,369)**	*(8,319,669)*

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

18. Trade and other receivables (continued)

Company

	2021 **£**	*2020* *£*
Receivables from related parties	**1,911,047**	*3,271,135*
Receivables from participating interests	**1,821,208**	*1,534,885*
Total financial assets other than cash and cash equivalents classified as loans and receivables	**3,732,255**	*4,806,020*
Unpaid share capital	**1,877,232**	*4,877,232*
Other receivables	**276,707**	*-*
Total trade and other receivables	**5,886,194**	*9,683,252*
Total current portion	**(5,886,194)**	*(9,683,252)*

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

The Group and Company do not hold any collateral as security.

The Group and Company apply the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterpart and an analysis of the counterpart's current financial position. In determining the recoverability of a trade receivable the Company considers the nature and circumstances of the dispute.

No provision was recognised as at 31 December 2021 (2020: £nil).

The Group and Company have no past due but not impaired trade accounts receivable (2019: nil).

19. Trade and other payables

Group

	2021 £	2020 £
Trade payables	276,473	354,765
Payables to related parties	-	99,637
Other payables	60,678	143,918
Accruals	1,233,803	358,339
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	1,570,954	956,659
Less: current portion - trade payables	(276,473)	(354,765)
Less: current portion - payables to related parties	-	(99,637)
Less: current portion - other payables	(56,169)	(93,481)
Less: current portion - accruals	(1,233,803)	(358,339)
Total current portion	(1,566,445)	(906,222)
Total non-current position	4,509	50,437

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Non-current payables comprise lease liabilities on right of use assets.

Company

	2021 £	2020 £
Payables to related parties	919,123	186,775
Accruals	1,780	1,780
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	920,903	188,555
Total current portion	(920,903)	(188,555)

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 30 days (2020: 30 days). For most suppliers no interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. Loans and borrowings

Group

	2021 £	*2020 £*
Non-current		
Current		
Overdrafts	**4,126**	*611*
	4,126	*611*
Total loans and borrowings	**4,126**	*611*

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

21. Share capital

Authorised

	2021 Number	2021 £	2020 Number	2020 £
Shares treated as equity				
Ordinary shares of £0.001 each	1,000	1	1,000	1
Preference shares of £1,000.000 each	35,000	35,000,000	35,000	35,000,000
	36,000	35,000,001	36,000	35,000,001

On 25 May 2020, 15,000 preference shares were issued at a nominal value of £15,000,000. At the year end £1,877,232 (2020: £4,877,232) of preference share capital remains unpaid and is included in trade and other receivables. This balance is due on demand and therefore this balance has not been discounted.

The ordinary shares and preference shares are classified as equity shares and entitle the shareholder to the following rights:

Ordinary shares hold full voting rights, one share classifies as one vote and on a poll each member has one vote per share held. Ordinary shares are entitled to dividend on a winding up basis, rank behind that of preference shares for repayment.

Preference shares are entitles to vote on resolutions relating to the winding up of the Company, a reduction of its share capital, the varying of the rights of the preference shares or if the preferential divided is more than months in arrears are entitles to dividends. Preference shares are non-redeemable and hold priority over the ordinary shares in any winding up.

The directors have considered the rights associated with the preference shares along with the associated legal terms of the preference shares and consider that these represent an equity instrument and have accounted for them as such.

The key judgments in arriving at this conclusion were:
- Whilst the preference shareholders are entitled to dividends, the dividends are at the board's discretion;
- No dividend has been approved or accrued at 31 December 2021; and
- The preference shares are non-redeemable.

The points above lead to the conclusion that there is no obligation to pay the dividends to the holder and as such, the preference shares do not have a debt element and are purely equity instruments.

Issued

	2021 Number	2021 £	2020 Number	2020 £
Ordinary shares of £0.001 each				
At 1 January and 31 December	1,000	1	1,000	1

21. Share capital (continued)

	2021 Number	**2021 £**	*2020 Number*	*2020 £*
Preference shares of £1,000.000 each				
At 1 January and 31 December	**35,000**	**35,000,000**	*35,000*	*35,000,000*

22. Reserves

Foreign exchange reserve

The Foreign exchange reserve records the affect of the translation of foreign subsidiaries into Pound Sterling.

Profit and loss account

This reserve records retained earnings and accumulated losses.

23. Analysis of amounts recognised in other comprehensive income

	Foreign exchange reserve £
Year to 31 December 2021	
Exchange differences arising on translation of foreign operations	(102,305)
	(102,305)

	Foreign exchange reserve £
Year to 31 December 2020	
Exchange differences arising on translation of foreign operations	(17,913)
	(17,913)

24. Financial instruments - fair values and risk management

24.1 Financial risk management objectives

The management monitors and manages the financial risk relating to the operations of the Group on a periodic basis and analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

24.2 Interest rate risk management

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

24.3 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Group consists of debt, which includes cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

24.4 Credit risk management

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. The likely credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account the customer's financial position, their reputation in the industry and past trading experience. As a result the Group's exposure to bad debts is not significant. Cash and cash equivalents are held with banks with a minimum rating of 'A'.

23.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching maturity profiles of financial assets and liabilities.

25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

25.1 Loans to related parties

	2021	*2020*
	£	*£*
Related party due to common directorship	**1,821,208**	*1,534,885*
	1,821,208	*1,534,885*

26. Controlling party

Mr Volodymyr Levykin is considered to be the ultimate controlling party.

27. Notes supporting statement of cash flows

Group

	2021	*2020*
	£	*£*
Cash at bank available on demand	**7,908,132**	*16,177,179*
Cash and cash equivalents in the statement of financial position	**7,908,132**	*16,177,179*
Bank overdrafts used for cash management purposes	**(4,126)**	*(611)*
Cash and cash equivalents in the statement of cash flows	**7,904,006**	*16,176,568*

Company

	2021	*2020*
	£	*£*
Cash at bank available on demand	**3,939,002**	*14,647,603*
Cash and cash equivalents in the statement of financial position	**3,939,002**	*14,647,603*
Cash and cash equivalents in the statement of cash flows	**3,939,002**	*14,647,603*