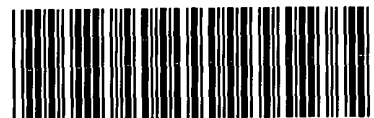


Company Registration No. 05275613 (England and Wales)

**HOLOVIS INTERNATIONAL LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

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HOLOVIS INTERNATIONAL LTD

COMPANY INFORMATION

Directors	S A Hetherington J S R Jurado A D Brown W P Zen T F Lee
Secretary	J B Hetherington
Company number	05275613
Registered office	Holovis Ltd Jacknall Road Hinckley Leicestershire England LE10 3BS
Auditor	RSM UK Audit LLP Chartered Accountants Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD

HOLOVIS INTERNATIONAL LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The directors are pleased to present the accounts for 2022.

Despite a number of challenges in 2022, the directors were pleased to see that revenue had increased to £36m (2021: £25m) as contracts which had paused or postponed resumed following the effects of the pandemic in 2020/2021. This was most pronounced in the US where new major contracts were won and the group undertook a number of projects in California, Florida, Texas and Virginia. It is expected that these states will see continued growth over the next five years with additional new clients choosing Holovis as their preferred experiential design partner.

However, Holovis was not immune to the challenges that the continuing effects of pandemic imposed on businesses. Raw material costs and freight costs saw dramatic inflationary increases during the period and, like almost every other business, wage inflationary pressures had to be absorbed. This has led to a reduction in the gross margin for the year, though the directors see this as a one-off event for this period. The directors have already put in place plans to increase margin and profitability in future years and positive effects of this plan are already being seen.

The group also undertook a significant investment in its product and technical offering to clients in the year. While the costs of this investment have impacted the results of the group they are seen by the directors as key to the development of new products and services which clients are already benefiting from.

Cashflows from operating activities are showing an inflow of £2,073k (2021: £1,803k outflow) in the current year with the group cash at bank and in hand at the balance sheet date being £4,504k (2021: £3,773k).

Continued partnerships with key clients worldwide saw additional concept and design packages initiated in the year, and this will lead to additional global installation projects between 2023 and 2025. As such the directors are very confident in the prospects for the group's trading and profitability in future years.

The directors are extremely satisfied with the group's performance during the year given the pandemic challenges and believe that its continued investment on product development will result in a positive future for the group.

Business KPIs

The directors use a number of performance indicators, both financial and non-financial, to evaluate the group's performance. However, revenue, gross margin and cash generation are of particular importance in ensuring the successful management of the group, all of which are commented on above in the Fair Review of the Business.

Going Concern

The directors have prepared a cash flow forecast for the Group covering the period from the date of approval of these financial statements through to 31 December 2024. This assessment considers the current trading position and future prospects in relation to the Group's ability to meet its liabilities over a period of at least 12 months from the date of signing these financial statements.

The group is part funded by a 5 year loan of £4.27m from a related party for which the directors obtained acceptance that amounts outstanding under this facility are able to be reimbursed through project work performed for the related party. This process has been working well since 2018, with the outstanding balance reducing year on year. The original terms of the loan were such that it was repayable in full by February 2023 but on 29 September 2023, an agreement was reached to formally restructure the debt with a revised repayment plan (detailed in note 19), which has been factored into the aforementioned cash flow forecast. On this basis, the current level of trading and the cash flows expected to be generated, the directors have continued to conclude that it is appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out the principle risks below and remain vigilant in keeping these risks under constant review, adopting risk mitigation strategies where possible and practical.

HOLOVIS INTERNATIONAL LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Macro-Economic & Competitive Environments

Whilst we have already seen that clients are starting to recommence investment work and expect normal trading levels to return in 2023, inflationary pressures have significantly affected the business. However, the directors are confident that they have the adequate resources and ability to manage the global slowdown while managing the impact on profitability. The group's global presence and ability to offer both design only and full turn-key projects will enable the group to mitigate some of the risks associated with economic issues in different geographic territories. The group has the suitable resources, cash balance and funding to manage its trading.

The directors review the businesses' portfolio by geography, market sector and product type and seeks to minimise exposure to a single negative event or downward direction of demand. The directors realise the competitive pressures in the market and ensure the group is flexible and highly responsive to customer demands, but with their counter-cyclical business mix and geographical spread the group is well placed to cope with shocks to local market conditions.

People

The success of Holovis continues to be built on the strength of its people. Despite the issues surrounding the trading, the year has seen a continuing emphasis in ensuring the best people are recruited and retained within the business. This has led to an increase of average employee numbers worldwide. Only by attracting and retaining the best quality employees the group will be able to meet the demanding needs of its customers. The directors constantly monitor the reward and recognition policies and continue to invest in people development at levels above industry norms.

Financial instruments

The group does not currently have the need to deploy any complex financial instruments but utilises standard banking instruments and credit facilities in order to facilitate the group's operations. The group uses standard financial tools to effectively manage its trade debtors and creditors, which also arise directly from its operations. The board reviews and agrees policies for managing each of the financial risks and they are summarised below:

Interest rate risk

The group's exposure to market risk for changes in interest rates primarily relates to debt facilities. The group's exposure to interest rate fluctuations is currently minimal as its debt arrangements attract fixed rate interest as detailed in note 19.

Credit risk

The group trades with only recognised, creditworthy third parties. All new corporate entities asking for a credit facility are assessed beforehand. In addition, contracts entered into, are arranged on terms whereby stage payments are requested in advance of completing agreed work, which minimises the exposure to bad debts. This makes all projects self-funded.

Liquidity and cash flow risk

The group's objective is to maintain a balance between continuity of funding and business flexibility through the use of available banking and loan facilities and finance lease agreements. The group's exposure to price risk is not material for the assessment of the assets, liabilities, financial position and profit of the group.

Currency risk

As the group further develops its international trade, the group will continue to monitor its foreign exchange risk. Short term currency demands are planned to minimise exposure to exchange losses.

HOLOVIS INTERNATIONAL LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board



.....
S A Hetherington
Director

Date: 18/12/23
.....

HOLOVIS INTERNATIONAL LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group continued to be that of the designing and building of complete turn-key multi-sensory transformational immersive and interactive solutions, experiences and attractions for a diverse range of clients in theme parks, FEC's (family entertainment centres) and entertainment venues and to automotive, architectural and industrial design sectors.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

S A Hetherington
J S R Jurado
A D Brown
W P Zen
T F Lee

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The group undertakes a continual programme of research and development in the area of multi-sensory design. We believe continued investment in our research and development is fundamental to the continuing growth of the business.

Future developments

The directors believe the group has sufficient resources and finance available to it in order to continue to trade despite losses in the year. The directors believe they are able to mitigate any of the risks which have been seen post the date of these accounts. The group will continue to focus on developing its product and service offerings to clients and have sought new geographical markets and sectors to trade.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments.

Statement of disclosure to auditor


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

HOLOVIS INTERNATIONAL LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board



S A Hetherington
Director

Date: 18/12/23

HOLOVIS INTERNATIONAL LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLOVIS INTERNATIONAL LTD

Opinion

We have audited the financial statements of Holovis International Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLOVIS INTERNATIONAL LTD (CONTINUED)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLOVIS INTERNATIONAL LTD (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting tax computation submissions to local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are The Data Protection Act 2018, Health & Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations 1999. We performed audit procedures to inquire of management and those charged with governance as to whether the group and parent company is in compliance with these laws and regulations, inspected any relevant correspondence and reviewed legal fee expense breakdowns in the year.

The audit engagement team identified the risk of management override of controls, and revenue and profit recognition in respect of project income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and substantive testing on contracts and other supporting documentation in respect of project income and costs.

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

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.

RSM UK Audit LLP

Gareth Jones (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire, LE19 1SD

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19/12/2023

HOLOVIS INTERNATIONAL LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	36,195,454	25,257,720
Cost of sales		(31,801,716)	(18,988,044)
Gross profit		4,393,738	6,269,676
Administrative expenses		(5,932,936)	(6,547,059)
Other operating income	3	-	671,448
Operating (loss)/profit	6	(1,539,198)	394,065
Interest receivable and similar income	8	213,722	125,759
Interest payable and similar expenses	9	591,247	(389,141)
(Loss)/profit before taxation		(734,229)	130,683
Tax on (loss)/profit	10	(154,221)	124,196
(Loss)/profit for the financial year		(888,450)	254,879
Other comprehensive income net of taxation			
Currency translation differences		153,952	22,495
Total comprehensive income for the year		(734,498)	277,374

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

HOLOVIS INTERNATIONAL LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		634,059		700,357
Current assets					
Stocks	15	363,178		304,285	
Debtors	16	14,548,623		14,752,076	
Cash at bank and in hand		4,504,256		3,772,534	
		<u>19,416,057</u>		<u>18,828,895</u>	
Creditors: amounts falling due within one year	17	<u>(16,641,809)</u>		<u>(10,383,530)</u>	
Net current assets			<u>2,774,248</u>		<u>8,445,365</u>
Total assets less current liabilities			<u>3,408,307</u>		<u>9,145,722</u>
Creditors: amounts falling due after more than one year	18		-		(5,000,000)
Provisions for liabilities	20		-		(2,917)
Net assets			<u>3,408,307</u>		<u>4,142,805</u>
Capital and reserves					
Called up share capital	22		100,000		100,000
Other reserves	23		151,607		(2,345)
Profit and loss reserves	23		3,156,700		4,045,150
Total equity			<u>3,408,307</u>		<u>4,142,805</u>

The financial statements were approved by the board of directors and authorised for issue on 18/12/23 and are signed on its behalf by:



S A Hetherington
Director

HOLOVIS INTERNATIONAL LTD**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		433,707		570,436
Investments	13		1		1
			<u>433,708</u>		<u>570,437</u>
Current assets					
Stocks	15	36,617		12,084	
Debtors	16	11,766,687		11,507,058	
Cash at bank and in hand		1,982,970		1,911,687	
		<u>13,786,274</u>		<u>13,430,829</u>	
Creditors: amounts falling due within one year	17	(11,334,854)		(6,312,622)	
Net current assets			<u>2,451,420</u>		<u>7,118,207</u>
Total assets less current liabilities			<u>2,885,128</u>		<u>7,688,644</u>
Creditors: amounts falling due after more than one year	18		-		(5,000,000)
Provisions for liabilities	20		-		(2,917)
Net assets			<u>2,885,128</u>		<u>2,685,727</u>
Capital and reserves					
Called up share capital	22		100,000		100,000
Profit and loss reserves	23		2,785,128		2,585,727
Total equity			<u>2,885,128</u>		<u>2,685,727</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's profit and total comprehensive profit for the year was £199,401 (2021: £877,520 loss and total comprehensive loss).

The financial statements were approved by the board of directors and authorised for issue on 18/12/23 and are signed on its behalf by:



S A Hetherington
Director

HOLOVIS INTERNATIONAL LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	100,000	(24,840)	3,790,271	3,865,431
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	254,879	254,879
Currency translation differences	-	22,495	-	22,495
Balance at 31 December 2021	100,000	(2,345)	4,045,150	4,142,805
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(888,450)	(888,450)
Currency translation differences	-	153,952	-	153,952
Balance at 31 December 2022	100,000	151,607	3,156,700	3,408,307

HOLOVIS INTERNATIONAL LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021	100,000	3,463,247	3,563,247
Year ended 31 December 2021:			
Loss and total comprehensive income for the year	-	(877,520)	(877,520)
Balance at 31 December 2021	100,000	2,585,727	2,685,727
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	199,401	199,401
Balance at 31 December 2022	100,000	2,785,128	2,885,128

HOLOVIS INTERNATIONAL LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		2,163,963		(1,756,776)
Interest paid			(85,900)		(45,216)
Income taxes paid			(5,153)		(1,083)
Net cash inflow/(outflow) from operating activities			2,072,910		(1,803,075)
Investing activities					
Purchase of tangible fixed assets		(191,838)		(175,562)	
Proceeds on disposal of tangible fixed assets		-		1,916	
Interest received		15,695		389	
Net cash used in investing activities			(176,143)		(173,257)
Financing activities					
Proceeds from borrowings		-		2,000,000	
Repayment of borrowings		(1,500,000)		-	
Net cash (used in)/generated from financing activities			(1,500,000)		2,000,000
Net increase in cash and cash equivalents			396,767		23,668
Cash and cash equivalents at beginning of year			3,772,534		3,600,589
Effect of foreign exchange rates			334,955		148,277
Cash and cash equivalents at end of year			4,504,256		3,772,534

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Holovis International Ltd ("the company") is a private company limited by shares and is domiciled and incorporated in England and Wales. The registered office and principal place of business is Holovis Ltd, Jaknall Road, Hinckley, Leicestershire, England, LE10 3BS.

The group consists of Holovis International Ltd and its subsidiary companies.

The company's and the group's principal activities and nature of their operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Company's statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss and comprehensive income for the financial period.

Basis of consolidation

The consolidated financial statements incorporate those of Holovis International Ltd and its subsidiary companies (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Going concern

The directors have prepared a cash flow forecast for the Group covering the period from the date of approval of these financial statements through to 31 December 2024. This assessment considers the current trading position and future prospects in relation to the Group's ability to meet its liabilities over a period of at least 12 months from the date of signing these financial statements.

The group is part funded by a 5 year loan of £4.27m from a related party for which the directors obtained acceptance that amounts outstanding under this facility are able to be reimbursed through project work performed for the related party. This process has been working well since 2018, with the outstanding balance reducing year on year. The original terms of the loan were such that it was repayable in full by February 2023 but on 29 September 2023, an agreement was reached to formally restructure the debt with a revised repayment plan (detailed in note 19), which has been factored into the aforementioned cash flow forecast. On this basis, the current level of trading and the cash flows expected to be generated, the directors have continued to conclude that it is appropriate to prepare the financial statements on a going concern basis.

Turnover

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

Project income

Project income is the recognition of turnover from project contracts and is set out in the turnover note 3 to the financial statements.

Where the outcome of a project contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that the total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a project contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The 'percentage of completion method' is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of staff time incurred for and physical completion of work performed to date compared to the estimated total staff time and physical completion. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Contract support

Turnover with respect to contract support is recognised on a straight line basis over the term of the support contract. The amounts of the income which have not been recognised as turnover in the year are included as deferred income at the balance sheet date.

Research and development expenditure

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

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Computer software	33.3% straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in the statement of comprehensive income.

Tangible fixed assets

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

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

Improvements to short leasehold property	20% straight line
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	15% reducing balance and 33.3% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of comprehensive income.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of comprehensive income.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of fixed assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, and for work in progress includes attributable direct labour costs and overheads.

At each reporting date, the group assess whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess in the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income.

Reversals of impairment losses are also recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and amounts due from group undertakings and cash and bank balances are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, other borrowings and amounts owed to group undertakings, that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

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

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Onerous leases

Provisions are made against operating leases where the unavoidable costs of meeting the contractual lease obligations exceed the economic benefits expected to be received.

Employee benefits

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

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

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

Retirement benefits

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

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Government grants

Income from government grants is presented within other income. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

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

Foreign exchange

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

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

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

Assets and liabilities of a foreign operation are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of the foreign operation are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Exchange differences are recognised in other comprehensive income and accumulated in equity.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the group as lessee.

Impairment of debtors

Debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and historical experience. The carrying value of trade debtors at the year end was £13,454,158 (2021: £13,182,010).

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

The assessment of the useful economic lives, residual values and the method of depreciating fixed assets requires judgement. Depreciation is charged to the statement of comprehensive income based on the useful economic life selected, which requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified. The carrying value of fixed assets at the year end was £634,059 (2021: £700,357).

Stage of completion of long term contracts

The assessment of the stage of completion on long term contracts requires judgement from the management team.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Project income	34,911,768	25,133,786
Contract support income	283,686	123,934
Intellectual property licensing income	1,000,000	-
	<u>36,195,454</u>	<u>25,257,720</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Other operating income		
Grants received	-	422,211
RDEC claim	-	249,237

In the prior year the grants received above relate to monies received from UK and US governments relating to Coronavirus scheme grants.

	2022 £	2021 £
Turnover analysed by geographical market		
UK	2,091,210	423,292
China	1,173,613	1,308,433
Rest of Asia	546,659	1,048,958
America	19,978,930	6,037,013
Middle East	12,405,042	16,440,024
	<u>36,195,454</u>	<u>25,257,720</u>

4 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Directors	5	5	5	5
UK employees	104	101	104	102
Overseas employees	45	24	-	-
	<u>154</u>	<u>130</u>	<u>109</u>	<u>107</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	8,670,580	6,577,535	5,046,582	4,941,521
Social security costs	631,609	583,605	614,218	579,439
Pension costs	373,920	392,756	309,256	333,697
	<u>9,676,109</u>	<u>7,553,896</u>	<u>5,970,056</u>	<u>5,854,657</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	538,719	536,360
Company pension contributions to defined contribution schemes	10,000	10,000
	<u>548,719</u>	<u>546,360</u>

The number of directors for whom retirement benefits accrued under defined contribution schemes amounted to 1 (2021 - 1).

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

	2022 £	2021 £
Remuneration for qualifying services	<u>273,657</u>	<u>272,682</u>

6 Operating (loss)/profit

	2022 £	2021 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange gains	(355,330)	(19,400)
Research and development costs	228,711	52,453
Government grants	-	(422,211)
Depreciation of owned tangible fixed assets	275,045	327,773
Profit on disposal of tangible fixed assets	-	(1,631)
Operating lease charges	<u>571,400</u>	<u>584,925</u>

7 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	<u>51,145</u>	<u>37,925</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	15,810	389
Other income from investments		
Foreign exchange gains on bank balances	197,912	125,370
Total income	<u>213,722</u>	<u>125,759</u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Other interest on financial liabilities	(591,247)	389,141

During the year an adjustment of £735,075 was made to reduce interest accrued on a loan owing to a shareholder of the ultimate parent company, as agreed with that shareholder.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation

	2022 £	2021 £
Current tax		
Adjustments in respect of prior periods	-	(102,761)
Foreign current tax on profits for the current period	154,504	23,718
Adjustments in foreign tax in respect of prior periods	(283)	(45,153)
Total current tax	154,221	(124,196)

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

	2022 £	2021 £
(Loss)/profit before taxation	(734,229)	130,683
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(139,504)	24,830
Tax effect of expenses that are not deductible in determining taxable profit	18,341	15,869
Adjustments in respect of prior years	-	(147,914)
Research and development tax credit	-	(5,311)
Other permanent differences	317,851	(197,229)
Permanent fixed asset differences	(3,221)	(4,745)
Effect of change in deferred tax rate	12,305	4,128
Deferred tax not recognised	(51,268)	184,590
Foreign tax payments and tax credits	(283)	1,586
Taxation charge/(credit) for the year	154,221	(124,196)

Factors that may affect future tax charge

Following the March 2021 budget, legislation had been substantively enacted before the year end date for the main rate of corporation tax to increase from 19% to 25% from 1 April 2023. The deferred tax balances within these financial statements have therefore been calculated to reflect the rate increasing to 25%.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

Group	Computer software £
Cost	
At 1 January 2022 and 31 December 2022	91,366
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	91,366
Carrying amount	
At 31 December 2021 and 31 December 2022	-
Company	Computer software £
Cost	
At 1 January 2022 and 31 December 2022	91,366
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	91,366
Carrying amount	
At 31 December 2021 and 31 December 2022	-

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

Group	Improvements to short leasehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	592,044	61,094	2,438,407	23,950	3,115,495
Additions	25,079	1,837	164,922	-	191,838
Exchange adjustments	8,077	198	23,931	-	32,206
At 31 December 2022	625,200	63,129	2,627,260	23,950	3,339,539
Depreciation and impairment					
At 1 January 2022	313,305	49,588	2,031,694	20,551	2,415,138
Depreciation charged in the year	88,365	3,329	182,502	849	275,045
Exchange adjustments	3,011	13	12,273	-	15,297
At 31 December 2022	404,681	52,930	2,226,469	21,400	2,705,480
Carrying amount					
At 31 December 2022	220,519	10,199	400,791	2,550	634,059
At 31 December 2021	278,739	11,506	406,713	3,399	700,357
Company					
	Improvements to short leasehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	532,496	61,094	2,255,221	23,950	2,872,761
Additions	3,500	-	63,653	-	67,153
At 31 December 2022	535,996	61,094	2,318,874	23,950	2,939,914
Depreciation and impairment					
At 1 January 2022	291,422	49,588	1,940,764	20,551	2,302,325
Depreciation charged in the year	72,759	2,876	127,398	849	203,882
At 31 December 2022	364,181	52,464	2,068,162	21,400	2,506,207
Carrying amount					
At 31 December 2022	171,815	8,630	250,712	2,550	433,707
At 31 December 2021	241,074	11,506	314,457	3,399	570,436

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	1	1

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2022 and 31 December 2022	1
Carrying amount	
At 31 December 2022	1
At 31 December 2021	1

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	% Held Direct
Holovis, Inc	See below	The design of immersive and mixed reality experiences through advanced visualization and software solutions	100.00
Holovis Audio Visual Solutions LLC	See below	Electronic equipment and devices systems and software design	49.00
Pulse & Flow Ltd	See below	Dormant	100.00

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Subsidiaries (Continued)

The registered office of Holovis, Inc is 251 Little Falls Drive, Wilmington, New Castle County, USA, DE 19808.

The registered office of Holovis Audio Visual Solutions LLC is Office 12, Building 1, Al Musaffah, Sector M40, Al Sheikh Omar Bin Zayed Bin Sultan and Others Building, Abu Dhabi, UAE.

The registered office of Pulse & Flow Ltd is 2 C/O Holovis, Jacknell Road, Dodwells Ind Est, Hinckley, Leicestershire, England, LE10 3BS.

Holovis, Inc is a company incorporated in the United States of America. The company has the right to issue 1,000 shares with no par value. At the balance sheet date no shares in Holovis, Inc had been issued. The financial statements of Holovis, Inc are consolidated within these financial statements as Holovis International Ltd has control of the board of directors of Holovis, Inc and is able to govern the financial and operating policies of Holovis, Inc.

Holovis Audio Visual Solutions LLC is a company incorporated in UAE. Holovis International Ltd owns 49% of Holovis Audio Visual Solutions LLC with a partner company owning the remaining 51%. The financial statements of Holovis Audio Visual Solutions LLC are consolidated within these financial statements as Holovis International Ltd has direct control of the company through management agreements in place with the partner company.

Pulse & Flow Ltd is a company incorporated in England and Wales. Holovis International Ltd owns 100% of the shares and the company was dormant during the year.

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Work in progress	-	6,462	-	6,462
Finished goods and goods for resale	363,178	297,823	36,617	5,622
	<u>363,178</u>	<u>304,285</u>	<u>36,617</u>	<u>12,084</u>

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	13,454,158	13,182,010	7,209,444	7,614,027
Gross amounts owed by contract customers	266,135	669,990	-	-
Corporation tax recoverable	-	47,874	-	-
Amounts owed by group undertakings	128,148	124,326	4,065,059	3,293,161
Other debtors	358,698	484,729	241,160	436,066
Prepayments and accrued income	341,484	243,147	251,024	163,804
	<u>14,548,623</u>	<u>14,752,076</u>	<u>11,766,687</u>	<u>11,507,058</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Debtors (Continued)

Included in trade debtors is £4,250,000 (2021: £5,400,000) owing from related parties and to be subsequently offset against outstanding loans from a related party. See note 28.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	4,267,500	2,000,000	4,267,500	2,000,000
Trade creditors		3,524,794	2,628,049	1,532,209	1,492,980
Amounts owed to group undertakings		-	-	3,169,137	1
Corporation tax payable		101,194	-	-	-
Other taxation and social security		199,827	223,007	159,787	163,174
Other creditors		31,474	66,483	15,650	53,618
Accruals and deferred income		8,517,020	5,465,991	2,190,571	2,602,849
		<u>16,641,809</u>	<u>10,383,530</u>	<u>11,334,854</u>	<u>6,312,622</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	-	5,000,000	-	5,000,000

19 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Loans from related parties	<u>4,267,500</u>	<u>7,000,000</u>	<u>4,267,500</u>	<u>7,000,000</u>
Payable within one year	<u>4,267,500</u>	<u>2,000,000</u>	<u>4,267,500</u>	<u>2,000,000</u>
Payable after one year	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Borrowings (Continued)

At the year end the amount outstanding on a loan from a related party was £4,267,500 (2021: £7,000,000).

£5,000,000 was drawn down on 6 February 2018. The interest on the loan is payable in half yearly instalments. During the year £1,232,500 of the loan was repaid. After the balance sheet date, it was agreed to extend the maturity date to February 2025 with an agreed quarterly repayment of £250,000 (covering both capital and any accrued and unpaid interest) commencing in October 2023. Also part of this post balance sheet agreement was for the interest to remain at 8% per annum until 31 December 2023, and then to increase to 9% per annum for the year ended 31 December 2024, and 10% per annum thereafter until February 2025.

£2,000,000 was drawn down in the prior year and was repayable by 29 March 2022. The loan attracted interest at a rate of 8% per annum. During the year, £1,500,000 of the loan was repaid and the balance of £500,000 was repaid after the year end.

Included within creditors due within one year is an amount of accrued interest of £457,807 (2021: £1,134,953). The loans are secured by a fixed and floating charge over the current and future property and assets of the company.

20 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
	-	2,917	-	2,917
Movements on provisions:				
				Onerous lease provision £
Group				
At 1 January 2022				2,917
Utilisation of provision				(2,917)
At 31 December 2022				-
Company				£
At 1 January 2022				2,917
Utilisation of provision				(2,917)
At 31 December 2022				-

The onerous lease provision relates to rentals and other costs due on a group leased property which is no longer occupied by the group and where there is no reasonable prospects of sub-letting the space.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	373,920	392,756

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Included within accruals at the year end was £40,050 (2021: £44,473) payable with respect to pension contributions.

22 Share capital

	Group and Company			
	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

23 Reserves

Translation reserve

This reserve represents the foreign exchange gains and losses on the retranslation of the results and net assets of the group's foreign subsidiaries.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Cash generated from group operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(888,450)	254,879
Adjustments for:		
Taxation charged/(credited)	154,221	(124,196)
Finance costs	(591,247)	389,141
Investment income	(213,722)	(125,759)
Gain on disposal of tangible fixed assets	-	(1,631)
Depreciation and impairment of tangible fixed assets	275,045	327,773
(Decrease) in provisions	(2,917)	(264,970)
Movements in working capital:		
(Increase)/decrease in stocks	(58,893)	13,861,239
(Increase) in debtors	(1,076,806)	(5,732,922)
Increase/(decrease) in creditors	4,566,732	(10,340,330)
Cash generated from/(absorbed by) operations	2,163,963	(1,756,776)

25 Analysis of changes in net funds/(debt) - group

	1 January 2022 £	Cash flows £	Other non-Exchange rate cash changes £	31 December 2022 £
Cash at bank and in hand	3,772,534	1,629,267	(1,232,500)	4,504,256
Borrowings excluding overdrafts	(7,000,000)	1,500,000	1,232,500	(4,267,500)
	<u>(3,227,466)</u>			<u>236,756</u>

26 Financial commitments, guarantees and contingent liabilities

At 31 December 2022 the company had given guarantees amounting to £3,926,821 (2021: £2,682,911) in respect of contract related performance bonds arising in the normal course of business.

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Operating lease commitments

Lessee

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	590,275	529,552	310,000	310,000
Between one and five years	1,398,641	1,422,960	1,240,000	1,240,000
In over five years	77,500	387,500	77,500	387,500
	<u>2,066,416</u>	<u>2,340,012</u>	<u>1,627,500</u>	<u>1,937,500</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows.

	2022	2021
	£	£
Aggregate compensation	<u>724,895</u>	<u>728,755</u>

HOLOVIS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Related party transactions (Continued)

Transactions with related parties

Group and company

At the year end the group and company owed £4,267,500 (2021: £7,000,000) to a shareholder of the ultimate parent company. The conditions and repayment details of this loan are given in note 19 - Borrowings. During the year interest was receivable of £591,247 (2021: £389,141 payable) on this loan, as during the year an adjustment of £735,075 was made to reduce interest accrued on a loan owing to a shareholder of the ultimate parent company, as agreed with that shareholder.

During the year the group and company made sales to a company related through common directorship amounting to £27,080 (2021: £27,000). At the year end the amount owed by the company related through common directorship is £2,700 (2021: £2,700).

During the year the group and company made sales of £52,114 (2021: £nil) to a connected company of a shareholder of the ultimate parent undertaking of the group. At the year end the amount owed by this connected company to the group is £618,585 (2021: £618,585).

Company

At the year end the company was owed £3,936,911 (2021: £1,205,425) by Holovis Audio Visual Solutions LLC, a company which is 49% owned by Holovis International Ltd.

29 Directors' transactions

At 1 January 2021, a director owed the group £nil, they received advances in the year of £230 (2021: £9,303) and made repayments in the year of £230 (2021: £9,303), leaving a balance due to the group of £nil at 31 December 2022. The directors loans are interest free loans and the outstanding balances are payable on demand.

30 Controlling party

The immediate and ultimate parent undertaking of the group is Predaptive OD Limited. Predaptive OD Limited is the largest group for which the accounts of Holovis International Ltd and its subsidiaries are included. This set of financial statements are the smallest group for which the accounts of Holovis International Ltd and its subsidiaries are included. The registered office of Predaptive OD Limited is C/O Holovis Ltd, Jacknell Road, Hinckley, England, LE10 3BS. The ultimate controlling party of the group is A D Brown due to his controlling interest in the issued share capital of Predaptive OD Limited.