

VIRTUAL IT LIMITED

**PAGES FOR FILING WITH REGISTRAR
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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VIRTUAL IT LIMITED
REGISTERED NUMBER: 04252845

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	2,567,472	910,613
Tangible assets	5	318,499	379,077
Investments	6	123	1,613,357
		<u>2,886,094</u>	<u>2,903,047</u>
Current assets			
Stocks	7	54,028	75,555
Debtors: amounts falling due within one year	8	859,852	818,645
Cash at bank and in hand	9	946,160	396,461
		<u>1,860,040</u>	<u>1,290,661</u>
Creditors: amounts falling due within one year	10	(2,487,926)	(2,366,911)
Net current liabilities		<u>(627,886)</u>	<u>(1,076,250)</u>
Total assets less current liabilities		<u>2,258,208</u>	<u>1,826,797</u>
Creditors: amounts falling due after more than one year	11	(1,267,400)	(853,496)
Provisions for liabilities			
Other provisions	13	-	(200,000)
		<u>-</u>	<u>(200,000)</u>
Net assets		<u><u>990,808</u></u>	<u><u>773,301</u></u>
Capital and reserves			
Called up share capital		14,454	14,454
Share premium account		177,500	177,500
Profit and loss account		798,854	581,347
		<u><u>990,808</u></u>	<u><u>773,301</u></u>

VIRTUAL IT LIMITED
REGISTERED NUMBER: 04252845

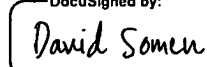
BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2020

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

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10-06-21

DocuSigned by:

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Director

The notes on pages 3 to 13 form part of these financial statements.

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

The company is a private limited company which is created and domiciled in the UK. The registered office and address of its principal place of business is The Lime House, 12-15 Quadrant Business Centre, 135 Salusbury Road, London, NW6 6RJ. The principal activity of the company in the year under review was that of providing a fully managed IT service encompassing provision of hardware, software, email, remote access, disaster recovery and support as well as providing related consultancy services.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

The following principal accounting policies have been applied:

2.2 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)**2.4 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life.

Other intangible assets

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

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

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Office equipment	- 20% on cost
Motor vehicles	- 33.3% on cost
Fixtures & fittings	- 12.5% on cost
Computer equipment	- 20% - 25% on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)**2.6 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.12 Creditors

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

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.14 Finance costs

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

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.19 Borrowing costs

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

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.21 Taxation

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

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

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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

3. Employees

The average monthly number of employees, including directors, during the year was 69 (2019 - 70).

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2019	143,416	1,091,413	1,234,829
Additions	11,561	1,726,056	1,737,617
At 30 September 2020	154,977	2,817,469	2,972,446
Amortisation			
At 1 October 2019	69,812	254,403	324,215
Charge for the year on owned assets	22,657	58,101	80,758
At 30 September 2020	92,469	312,504	404,973
Net book value			
At 30 September 2020	62,508	2,504,965	2,567,473
At 30 September 2019	73,604	837,009	910,613

VIRTUAL IT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. Tangible fixed assets

	Office equipment £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2019	235,417	3,502	131,322	677,329	1,047,570
Additions	22,402	8,139	14,058	72,313	116,912
Disposals	-	-	-	(18,070)	(18,070)
At 30 September 2020	257,819	11,641	145,380	731,572	1,146,412
Depreciation					
At 1 October 2019	184,913	3,502	91,557	388,521	668,493
Charge for the year on owned assets	22,665	-	9,967	128,830	161,462
Disposals	-	-	-	(2,042)	(2,042)
At 30 September 2020	207,578	3,502	101,524	515,309	827,913
Net book value					
At 30 September 2020	50,241	8,139	43,856	216,263	318,499
At 30 September 2019	50,504	-	39,766	288,807	379,077

6. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 October 2019	1,613,335	22	1,613,357
Additions	12,530	-	12,530
Revaluations	(200,000)	-	(200,000)
Amounts written off	(1,425,764)	-	(1,425,764)
At 30 September 2020	101	22	123

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Stocks

	2020 £	2019 £
Stock	54,028	75,555
	<u>54,028</u>	<u>75,555</u>

8. Debtors

	2020 £	2019 £
Trade debtors	488,353	217,389
Amounts owed by group undertakings	-	436,700
Other debtors	68,274	64,802
Prepayments and accrued income	303,225	99,754
	<u>859,852</u>	<u>818,645</u>

9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	946,160	396,461
	<u>946,160</u>	<u>396,461</u>

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	157,876	316,421
Other loans	-	600,000
Trade creditors	727,300	477,440
Amounts owed to group undertakings	1,082	382
Corporation tax	91,063	95,933
Other taxation and social security	698,654	302,413
Other creditors	24,113	29,312
Accruals and deferred income	787,838	545,010
	<u>2,487,926</u>	<u>2,366,911</u>

The bank loan undertaken by Virtual IT Limited is secured against a fixed charge on the company assets.

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

	2020	2019
	£	£
Bank loans	1,255,031	853,496
Net obligations under finance leases and hire purchase contracts	12,369	-
	<u>1,267,400</u>	<u>853,496</u>

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	157,876	316,421
Other loans	-	600,000
	<u>157,876</u>	<u>916,421</u>
Amounts falling due 1-2 years		
Bank loans	390,703	316,421
	<u>390,703</u>	<u>316,421</u>
Amounts falling due 2-5 years		
Bank loans	864,328	537,075
	<u>864,328</u>	<u>537,075</u>
	<u>1,412,907</u>	<u>1,769,917</u>

13. Provisions

	Deferred consideration £
At 1 October 2019	200,000
Utilised in year	(200,000)
At 30 September 2020	<u><u>-</u></u>

14. Pension commitments

The Company contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered funds. The pension cost charge represents contributions payable by the Company to the fund and amounted to £68,773 (2019 - £54,938). Contributions totaling £13,016 (2019 - £13,854) were payable to the fund at the balance sheet date

VIRTUAL IT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. Related party transactions

During the period the company exchanged goods and services with Maya Solutions Limited, an associated company. Sales were made to Maya Solutions Limited to the total value of £641 (2019: £641) and purchases of £79,757 (2019: £188,294). At the balance sheet date, the company owed £11,608 (2019: £29,411).

As at the balance sheet date the company owed Flint IT Limited a 100% owned subsidiary £381 (2019: £381).

The company also made sales to Eldama Technologies Ltd Ltd totalling £1,958 (2019: £1,686) At the balance sheet date £Nil (2019: £1,686) was outstanding.

As at the balance sheet date the company was owed from Yellowspring Limited a 100% owned subsidiary £nil (2019: £436,700).

As at the balance sheet date the company owed £NIL (2019: £600,000) in the form of investor loans.

16. Auditors' information

The auditors' report on the financial statements for the year ended 30 September 2020 was unqualified.

The audit report was signed on *10/06/2021* by Kathleen Parker (Senior statutory auditor) on behalf of Wellers.