

COMPANY REGISTRATION NUMBER: 06751125

Railsimulator.com Limited
Audited Filleted Financial Statements
31 March 2017



BURGESS HODGSON LLP
Chartered accountant & statutory auditor
Camburgh House
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Canterbury
Kent
CT1 3DN

Railsimulator.com Limited

Financial Statements

Year ended 31 March 2017

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Railsimulator.com Limited

Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	6	210,446	284,778
Current assets			
Debtors: due within one year	7	2,320,318	1,845,887
Debtors: due after more than one year	7	1,003,333	1,322,191
Cash at bank and in hand		2,172,960	263,568
		<u>5,496,611</u>	<u>3,431,646</u>
Creditors: amounts falling due within one year	8	<u>2,431,817</u>	<u>2,246,937</u>
Net current assets		<u>3,064,794</u>	<u>1,184,709</u>
Total assets less current liabilities		<u>3,275,240</u>	<u>1,469,487</u>
Creditors: amounts falling due after more than one year	9	4,915,718	1,349,766
Provisions			
Taxation including deferred tax		37,978	54,379
Net (liabilities)/assets		<u>(1,678,456)</u>	<u>65,342</u>
Capital and reserves			
Called up share capital	10	9,916	8,084
Share premium account		978,791	965,668
Profit and loss account		<u>(2,667,163)</u>	<u>(908,410)</u>
Members (deficit)/funds		<u>(1,678,456)</u>	<u>65,342</u>

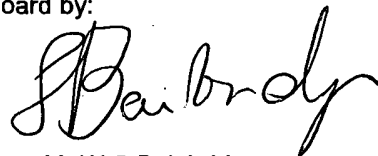
These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 24 July 2017, and are signed on behalf of the board by:



Mr C McMicking
Director



Mr W S Bainbridge
Director

Company registration number: 06751125

The notes on pages 2 to 7 form part of these financial statements.

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Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is First Floor, The Observatory, Brunel, Chatham Maritime, Chatham, Kent, ME4 4NT.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

Going concern

These accounts have been prepared on the going concern basis, on the understanding there will be continued support from the banks, shareholders and directors for the company for the foreseeable future.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are treated as other income in the income statement.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Operating lease agreements

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced or accrued during the year for units of video games and related add-ons sold, exclusive of Value Added Tax.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

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Notes to the Financial Statements (continued)

Year ended 31 March 2017

3. Accounting policies (continued)

Income tax (continued)

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Straight line over 2/3 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over 7 years
Fixtures & Fittings	-	Straight line over 5 years
Office equipment	-	Straight line over 3 years

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Employee numbers

The average number of persons employed by the company during the year, including the directors, amounted to 126 (2016: 123).

5. Intangible assets

	Goodwill £
Cost	
At 1 April 2016 and 31 March 2017	<u>399,985</u>
Amortisation	
At 1 April 2016 and 31 March 2017	<u>399,985</u>
Carrying amount	
At 31 March 2017	<u>—</u>

6. Tangible assets

	Land and buildings £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 April 2016	88,462	88,531	459,597	636,590
Additions	—	9,932	58,432	68,364
Disposals	—	—	(45,616)	(45,616)
At 31 March 2017	<u>88,462</u>	<u>98,463</u>	<u>472,413</u>	<u>659,338</u>
Depreciation				
At 1 April 2016	34,973	40,167	276,672	351,812
Charge for the year	12,637	17,914	111,950	142,501
Disposals	—	—	(45,421)	(45,421)
At 31 March 2017	<u>47,610</u>	<u>58,081</u>	<u>343,201</u>	<u>448,892</u>
Carrying amount				
At 31 March 2017	<u>40,852</u>	<u>40,382</u>	<u>129,212</u>	<u>210,446</u>
At 31 March 2016	<u>53,489</u>	<u>48,364</u>	<u>182,925</u>	<u>284,778</u>

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Debtors

Debtors falling due within one year are as follows:

	2017	2016
	£	£
Trade debtors	997,641	760,217
Other debtors and prepayments	270,159	93,624
Corporation tax	1,052,518	992,046
	<u>2,320,318</u>	<u>1,845,887</u>

Debtors falling due after one year are as follows:

	2017	2016
	£	£
Other debtors	<u>1,003,333</u>	<u>1,322,191</u>

8. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	160,000	160,000
Trade creditors	186,593	859,823
Social security and other taxes	124,813	105,212
Other creditors and accruals	1,960,411	1,121,902
	<u>2,431,817</u>	<u>2,246,937</u>

Bank loans and overdrafts are secured by the company to the amount of £160,000.

9. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans and overdrafts	457,500	167,500
Other loan	3,658,218	—
Other creditors	800,000	1,182,266
	<u>4,915,718</u>	<u>1,349,766</u>

Included within creditors: amounts falling due after more than one year is an amount of £3,658,218 (2016: £Nil) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Bank loans and overdrafts are secured by the company to the amount of £457,500.

The company has an outstanding royalty payable commitment of £1,320,000 which is included in other creditors. This is for technology being used in one of the Company's simulator products. This is a royalty based license agreement which is payable in stages by 24th December 2018. An amount of £1,003,333 is included within other debtors which offsets the liability.

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

10. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary 1 shares of £0.01 each	810,393	8,104	808,393	8,084
A2 Ordinary shares of £0.01 each	11,250	113	–	–
A1 Ordinary shares of £0.01 each	1	–	–	–
E shares of £1 each	1,700	1,700	–	–
	<u>823,344</u>	<u>9,916</u>	<u>808,393</u>	<u>8,084</u>

During the year the following changes were made to the share capital of the company:

- The company issued 11,250 Ordinary £0.01 shares at £0.01 per share.
- All of the existing Ordinary shares of £0.01 were reclassified into Ordinary 1 shares of £0.01.
- The company reclassified 11,250 Ordinary shares of £0.01 into A2 Ordinary shares of £0.01.
- The company issued 2,000 Ordinary 1 shares of £0.01.
- The company issued 1,700 E shares of £1.
- The company issued 1 A1 Ordinary share of £0.01.

11. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	1,120	4,635
Later than 1 year and not later than 5 years	<u>227,712</u>	<u>274,453</u>
	<u>228,832</u>	<u>279,088</u>

12. Summary audit opinion

The auditor's report for the year ended 31 March 2017 was unqualified.

The senior statutory auditor was Mark Laughton FCCA, for and on behalf of Burgess Hodgson LLP.

13. Related party transactions

During the year the interest payable to a shareholder and an entity which a director is also a member of was accrued to an amount of £158,218 (2016: £Nil). Shown within other loans due over one year is an amount owed to this shareholder of £3,658,218 (2016: £Nil).

14. Ultimate controlling party

No one individual has control over the company.