

Company Registration No. 08815227 (England and Wales)

Cloud Imperium UK Ltd.

**Annual report and
group financial statements
for the year ended 31 December 2021**



Cloud Imperium UK Ltd.

Company information

Directors

Ortwin Freyermuth
Christopher Roberts
Erin Roberts
Ezer Klein
Marc Nitsche
Sandi Roberts

Company number

08815227

Registered office

Manchester Goods Yard
6 Goods Yard Street
Manchester
United Kingdom
M3 3BG

Independent auditor

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

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Strategic report

For the year ended 31 December 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal Activities

Established since December 2013, Cloud Imperium UK Limited operates from the UK, managing the Worldwide rights to the Star Citizen and Squadron 42 PC video games outside of America. Through its revenues it directly funds the Cloud Imperium Games Limited development team, the largest development presence within the Cloud Imperium Group, and Roberts Space Industries International Limited's publishing activities, supporting all markets outside of the USA.

Fair review of the business

As reported on the profit and loss account on page 12, the Group has achieved record turnover in 2021 at £36.4m (2020: £31.8m) following the success of the quarterly releases of Star Citizen and an increase in user engagement. Costs have risen to £38.4m (2020: £32.1m) as the Group continues to progress the development and publishing of the games. Other income has increased to £5.8m (2020: £5m) and the Group has achieved a profit of £3.9m (2020: £4.8m).

The strong performance in 2021 is testament to the company's continued objective of developing and delivering a AAA gaming experience. The business continues to invest in Squadron 42, set within the larger Star Citizen universe, in line with the revenue raised and its operating reserves. It continues to progress game development through Cloud Imperium Games Limited and publishing activities through Roberts Space Industries International Limited.

The economic and competitive environment is expected to remain challenging during the year ahead as global economies navigate the post pandemic recovery and governments wrestle with the challenges of high inflation and the implications of the invasion of Ukraine. Whilst monitoring and being prepared for what may come, the directors have little influence over the macro risks presenting themselves in these unprecedented times. The exceptional performance enjoyed by Cloud Imperium and indeed many video game developers and publishers in 2021 has strengthened the financial position of the group. Going forward the directors are aiming to minimize risks with continued improvements to build robustness and added features and through the strengthening of the underlying technology.

By focusing on the micro challenges of the project, accelerating its investment into its development and publishing teams, and taking a mid- rather than short-term view of its finances and objectives, the directors are confident that the business model will continue to operate efficiently and effectively.

In keeping with this mid to long-term view Management took the opportunity this year to upgrade its operating facilities and expand its offices in both the UK and Germany. This was necessary to accommodate the growing number of people engaged in the business, having outgrown its existing office spaces. Due to the impact of the Pandemic on the office market environment there were attractive offers available which, although committing the business for several years to come, should provide it with state-of-the-art facilities to accommodate its current workforce and future expansion into the foreseeable future.

Principal risks and uncertainties

The key business risks affecting the Company are competition in the marketplace, reduction in market demand, and inflation at decade high levels impacting the cost of the publishing and development resource required for delivering the game.

The Company's management mitigate these risks by monitoring numerous key performance indicators, mainly within the publishing and development entities feeding into the Company and by carrying out regular strategic and operational business reviews.

The Company continued to invest in its technology and systems to improve remote working necessitated by local lockdowns. Unlike in many other industries COVID-19 had a positive impact on user engagement and revenue for us as we offered an outlet for people suffering restricted social activities during the pandemic lockdowns.

s172 statement

The directors of Cloud Imperium UK Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2021.

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, suppliers, customers, communities, and society as a whole.

Our strategy focuses on creating ambitious, imaginative, and relevant video games for the global markets we service.

To do this, we need to develop and maintain strong client relations. We value all our suppliers and contractors and are committed to developing production talent.

The Company's approach encourages the involvement of local industries and enables us to support the communities around us.

Key performance indicators

Key performance indicators are monitored on a regular basis. For development these are focused on labour efficiencies and the quality and quantity of output against benchmarked comparators and the development objectives of the business. For publishing, looking at customer satisfaction, service levels, minimized downtime and customer engagement against comparators and internal goals.

Financial Risk Management

The business manages its financial risk by scaling its operation based upon the volume and value of subscribers and players of the games under development, and reacting to changes accordingly. The Company is exposed to a limited number of external financial risks, collecting revenue from its publishing subsidiary and using this to pay for development through its development subsidiary. The Company has adequate financing facilities in place via cash generated from operating activities and banking facilities to meet its funding requirements.

UK Streamlined Energy and Carbon Reporting (SECR)

The directors report under the energy and carbon report regulations 2018, implementing the UK government's policy on SECR, requires disclosure of the environmental performance of the group's assets through calculating the group's greenhouse gas (GHG) emissions. Our disclosure presents our carbon footprint across Scope 1 and 2 together with an appropriate intensity metric and total energy use.

Methodology GHG emissions are quantified and reported according to the greenhouse gas protocol. Consumption and production data has been collated and converted into CO2 equivalent using the UK Government 2021 conversion factors for company reporting to calculate emissions from corresponding activity data.

To collect both consumption and production data, the group has reviewed emissions data related to production, electricity purchases, fuel purchases related to staff expenses arising from business mileage in private vehicles. This information has been prepared in accordance with the GHG protocol's guidance.

Data collected is for the most recent 12-month period where data was available.

The GHG sources that constitute our operational boundary for the reporting period are:

- a. Scope 1: Direct emissions from company owned and controlled resources; and
- b. Scope 2: Indirect emissions from purchased energy.

Total GHG emissions and energy use with Cloud Imperium UK Limited's group activities:

Scope 1 emissions: 110.3 tCO2e (2020: 70.6 tCO2e)

Scope 2 emissions: 82.2 tCO2e (2020: 139.8 tCO2e)

Emissions intensity ratio: 6.08 tCO2e per £m Turnover (2020: 6.28 tCO2e per £m Turnover)

Energy consumption: 997,073 Wh (2020: 931,317 Wh)

Energy Efficiency Action

Cloud Imperium is committed to year-on-year improvements in their operational efficiency, although noting that this year is likely to be unrepresentative due to the enforced lockdown, office downtime, and curtailed travel between offices arising from the COVID-19 pandemic.

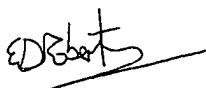
The group is continually reviewing its energy consumption with the aim of delivering on-going reductions in emissions and thereby reducing its emissions intensity ratio. The Company also aims to reduce its Scope 2 emissions (the purchasing of energy) too by improving energy management structure through staff energy awareness training. In 2021, the frequent lockdowns enabled digital meetings to continue as they had done since the start of the pandemic thus ensuring business travel was minimal in turn contributing to a reduction in our carbon footprint.

Outlook

The business performance has in the first half of 2022 has been strong, building on the increased user engagement during 2021.

The gaming market is experiencing strong growth and the business is confident it will continue with its expansion plans and delivery of future releases during the next 12 months and beyond. Whilst the world faces great economic uncertainty, confidence in the gaming industry remains high and the directors believe the group is established and committed to overcome the challenges presented in the post pandemic recovery and the increases to its cost base through higher inflation.

On behalf of the board



Erin Roberts

Director

Date: 22.12.2022

Directors' report

For the year ended 31 December 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company and group continued to be that of video games production, development and publishing.

Directors

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

Ortwin Freyermuth
Christopher Roberts
Erin Roberts
Ezer Klein
Marc Nitsche
Sandi Roberts

Results and dividends

The results for the year are set out on page 12.

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

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through nominated representatives, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group does not operate a share scheme at present, but the directors are intending to introduce a group wide scheme as a means of further encouraging the involvement of employees in the company's performance.

Directors' report (continued)
For the year ended 31 December 2021

Business relationships

The business is committed to delivering an ambitious, AAA video gaming experience through its working titles Squadron 42 and Star Citizen. This is only achievable by maintaining strong client relations with all of our valued suppliers and contractors who are committed to supporting the development of our ground breaking video games.

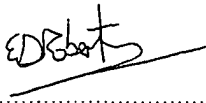
Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Erin Roberts
Director

Date: 22.12.2022

Directors' responsibilities statement
For the year ended 31 December 2021

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

Company law requires the directors to prepare financial statements for each financial year. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Cloud Imperium UK Ltd.

Opinion

We have audited the financial statements of Cloud Imperium UK Ltd. (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 and 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.

Independent auditor's report (continued)
To the members of Cloud Imperium UK Ltd.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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 the 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.

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 on page 7, 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Cloud Imperium UK Ltd.

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.

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, and UK Tax legislation, specifically legislation relating to creative industry tax credits.

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Audit response to risks identified

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Cloud Imperium UK Ltd.

Independent auditor's report (continued)
To the members of Cloud Imperium UK Ltd.

A further description of our responsibilities is available 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 parent 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 parent company's members those matters we are required to state to them in an auditors 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moses Nyachae (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

Date: 23/12/2022
Date:

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Cloud Imperium UK Ltd.

Group statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	36,394,478	31,762,819
Cost of sales		(34,875,220)	(29,180,404)
Gross profit		<u>1,519,258</u>	<u>2,582,415</u>
Administrative expenses		(3,539,004)	(2,916,285)
Other operating income	8	5,847,496	4,976,404
Operating profit	4	<u>3,827,750</u>	<u>4,642,534</u>
Share of results of associates and joint ventures		117,498	95,028
Interest receivable and similar income	9	-	25,414
Interest payable and similar expenses	10	(3,210)	-
Profit before taxation		<u>3,942,038</u>	<u>4,762,976</u>
Tax on profit	11	-	-
Profit for the financial year		<u><u>3,942,038</u></u>	<u><u>4,762,976</u></u>

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.

The income statement has been prepared on the basis that all operations are continuing operations.

Cloud Imperium UK Ltd.

Group statement of financial position
As at 31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	13		2,295,575		2,606,097
Tangible assets	14		1,223,466		829,225
Investments	15		834,538		824,134
			<u>4,353,579</u>		<u>4,259,456</u>
Current assets					
Stocks	19	134,695		78,398	
Debtors	20	11,333,341		10,667,327	
Cash at bank and in hand		23,009,938		20,693,698	
		<u>34,477,974</u>		<u>31,439,423</u>	
Creditors: amounts falling due within one year	21	(6,460,471)		(7,269,835)	
Net current assets			<u>28,017,503</u>		<u>24,169,588</u>
Net assets			<u><u>32,371,082</u></u>		<u><u>28,429,044</u></u>
Capital and reserves					
Called up share capital	23		117		117
Share premium account			22,669,908		22,669,908
Profit and loss reserves			9,701,057		5,759,019
Total equity			<u><u>32,371,082</u></u>		<u><u>28,429,044</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22/12/2022 and are signed on its behalf by:



Erin Roberts
Director

Cloud Imperium UK Ltd.

Company statement of financial position
As at 31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	13		2,295,575		2,606,097
Investments	15		1,288,863		1,288,863
			<u>3,584,438</u>		<u>3,894,960</u>
Current assets					
Debtors	20	15,006,342		17,339,618	
Cash at bank and in hand		106,377		15,766	
		<u>15,112,719</u>		<u>17,355,384</u>	
Creditors: amounts falling due within one year	21	(17,651)		(841,237)	
Net current assets			<u>15,095,068</u>		<u>16,514,147</u>
Net assets			<u><u>18,679,506</u></u>		<u><u>20,409,107</u></u>
Capital and reserves					
Called up share capital	23		117		117
Share premium account			22,669,908		22,669,908
Profit and loss reserves			(3,990,519)		(2,260,918)
Total equity			<u><u>18,679,506</u></u>		<u><u>20,409,107</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,729,601 (2020 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 22.12.2022 and are signed on its behalf by:



Erin Roberts
Director

Company Registration No. 08815227

Cloud Imperium UK Ltd.

Group statement of changes in equity
For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020		117	23,669,908	1,003,602	24,673,627
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	4,762,976	4,762,976
Dividends	12	-	-	(1,007,559)	(1,007,559)
Reduction of shares	23	-	(1,000,000)	1,000,000	-
Balance at 31 December 2020		117	22,669,908	5,759,019	28,429,044
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	3,942,038	3,942,038
Balance at 31 December 2021		117	22,669,908	9,701,057	32,371,082

Cloud Imperium UK Ltd.

Company statement of changes in equity
For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020		117	23,669,908	(2,253,359)	21,416,666
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	-	-
Dividends	12	-	-	(1,007,559)	(1,007,559)
Reduction of shares	23	-	(1,000,000)	1,000,000	-
Balance at 31 December 2020		117	22,669,908	(2,260,918)	20,409,107
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(1,729,601)	(1,729,601)
Balance at 31 December 2021		117	22,669,908	(3,990,519)	18,679,506

Cloud Imperium UK Ltd.

Group statement of cash flows
For the year ended 31 December 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	27	(5,441,117)	4,318,986
Interest paid		(3,210)	-
Income taxes received		9,251,111	-
Income taxes paid		(5,776)	(7,036)
Net cash inflow from operating activities		3,801,008	4,311,950
Investing activities			
Purchase of intangible assets		-	(2,064,144)
Purchase of tangible fixed assets	(1,295,039)	(508,863)	
Proceeds on disposal of tangible fixed assets	183	9,393	
Dividends received from associates	21,844	15,606	
Interest received	-	25,414	
Net cash used in investing activities		(1,273,012)	(2,522,594)
Financing activities			
Proceeds from issue of shares	-	866,904	
Repayment of borrowings	(211,756)	-	
Dividends paid to equity shareholders	-	(1,007,559)	
Net cash used in financing activities		(211,756)	(140,655)
Net increase in cash and cash equivalents		2,316,240	1,648,701
Cash and cash equivalents at beginning of year		20,693,698	19,044,997
Cash and cash equivalents at end of year		23,009,938	20,693,698

Company statement of cash flows
For the year ended 31 December 2021

	Notes	£	2021 £	£	2020 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29		71,977		(3,617,026)
Interest paid			(3,210)		-
Net cash inflow/(outflow) from operating activities			68,767		(3,617,026)
Investing activities					
Purchase of intangible assets		-	(2,064,144)		
Interest received		-	25,414		
Dividends received		21,844	15,606		
Net cash generated from/(used in) investing activities			21,844		(2,023,124)
Financing activities					
Proceeds from issue of shares		-	866,904		
Dividends paid to equity shareholders		-	(1,007,559)		
Net cash used in financing activities			-		(140,655)
Net increase/(decrease) in cash and cash equivalents			90,611		(5,780,805)
Cash and cash equivalents at beginning of year			15,766		5,796,571
Cash and cash equivalents at end of year			106,377		15,766

Notes to the financial statements
For the year ended 31 December 2021

1 Accounting policies

Company information

Cloud Imperium UK Ltd. ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Manchester Goods Yard, 6 Goods Yard Street, Manchester, United Kingdom, M3 3BG.

The group consists of Cloud Imperium UK Ltd. and all of its subsidiaries.

1.1 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" ("FRS 102") and the requirements of the Companies Act 2006.

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 group 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 group financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies (continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Cloud Imperium UK Ltd. together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of 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.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1 Accounting policies (continued)

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary and associate undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired.

Goodwill arising from the acquisition of subsidiary undertakings is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill arising from the acquisition of associates is not disclosed separately but is held within the carrying amount of the investment. Subsequently, this is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies (continued)

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Patents & licences	10 years straight line
Intellectual Property	10 years straight line

1.7 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:

Leasehold land and buildings	20%
Fixtures and fittings	33.3%
Computers	50%

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 recognised in the income statement.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1 Accounting policies (continued)

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1 Accounting policies (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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 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 in the group's statement of financial position 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.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Notes to the financial statements (continued)
For the year ended 31 December 2021

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group are recorded at the 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.

1.14 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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.

1 Accounting policies (continued)

1.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants related to development costs are recognised in the statement of comprehensive income within other operating income over the periods in which the related production costs are incurred and for which the grant is intended to compensate.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting 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.

Capitalisation of development expenditure

The game development costs incurred have been written off to the profit and loss account and not capitalised as an intangible asset on the basis that the group cannot fully satisfy all of the conditions required by Section 18, paragraph 18.8H of FRS 102.

Revenue recognition

The group has determined it most appropriate to recognise any pledge receipts as revenue to match against the development costs incurred on the game. Any pledge receipts that have not yet been spent on the development of the game are treated as deferred revenue until said funds are deployed on the game development.

Useful economic life of intangible fixed assets

The useful economic life of intangible fixed assets has been determined to be 10 years, as is the maximum allowed under Section 18, paragraph 18.20 of FRS 102. The directors believe the intangible fixed assets to have a useful economic life of greater than 10 years.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

Video game tax relief estimate

The key accounting estimate within the financial statements for this group is the valuation of the video games tax relief available. The estimate is based on the assessment of the value of qualifying expenditure as per HMRC legislation and guidance plus assessment of the qualification of the underlying game as eligible for the tax relief.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Development funding receipts	36,394,478	31,762,819
	<u> </u>	<u> </u>

	2021	2020
	£	£
Other revenue		
Interest income	-	25,414
	<u> </u>	<u> </u>

In the opinion of the Directors, analysis of turnover based on geographical location would be seriously prejudicial to the interests of the Group, therefore this has not been disclosed.

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	99,966	95,236
Depreciation of owned tangible fixed assets	900,366	655,209
Loss on disposal of tangible fixed assets	249	390
Amortisation of intangible assets	310,523	273,557
Operating lease charges	938,918	833,402
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a loss of £99,966 (2020 - gain of £95,236).

Notes to the financial statements (continued)
For the year ended 31 December 2021

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	16,000	12,000
Audit of the financial statements of the company's subsidiaries	43,500	41,828
	<u>59,500</u>	<u>53,828</u>

6 Employees

The average monthly number of persons employed by the group and company during the year was:

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Development	432	370	-	-
Publishing, Community & Marketing	39	28	-	-
Support	35	34	-	-
	<u>506</u>	<u>432</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	22,962,245	18,187,655	100,165	109,162
Social security costs	2,600,809	2,176,470	-	-
Pension costs	1,425,060	1,083,500	-	-
	<u>26,988,114</u>	<u>21,447,625</u>	<u>100,165</u>	<u>109,162</u>

Notes to the financial statements (continued)
For the year ended 31 December 2021

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	498,070	401,484
Group pension contributions to defined contribution schemes	15,750	12,875
	<u>513,820</u>	<u>414,359</u>

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

	2021	2020
	£	£
Remuneration for qualifying services	397,905	292,322
Group pension contributions to defined contribution schemes	15,750	12,875
	<u>413,655</u>	<u>305,197</u>

8 Other operating income

Included in other operating income is the video games tax credit payable to the group of £5,653,220 (2020: £4,731,677).

9 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	25,414
	<u>-</u>	<u>25,414</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	25,414
	<u>-</u>	<u>25,414</u>

10 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	3,210	-
	<u>3,210</u>	<u>-</u>

Notes to the financial statements (continued)
For the year ended 31 December 2021

11 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	3,942,038	4,762,976
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	748,987	904,965
Tax effect of expenses that are not deductible in determining taxable profit	(6,570,908)	(5,353,506)
Tax effect of income not taxable in determining taxable profit	(1,448,481)	(1,082,724)
Permanent capital allowances in excess of depreciation	43,629	20,479
Income not taxable	(3,997)	(5,900)
Deferred tax not recognised	3,849,637	1,141,964
Remeasurement of deferred tax for changes in tax rates	(2,272,087)	(356,955)
Tax credit included in other operating income	5,653,220	4,731,677
	<u> </u>	<u> </u>
Taxation charge	-	-
	<u> </u>	<u> </u>

12 Dividends

	2021	2020
	£	£
Recognised as distributions to equity holders:		
Interim paid	-	1,007,559
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 31 December 2021

13 Intangible fixed assets

Group	Goodwill	Patents & licences	Intellectual Property	Total
	£	£	£	£
Cost				
At 1 January 2021 and 31 December 2021	405,149	2,064,144	1,359,186	3,828,479
Amortisation and impairment				
At 1 January 2021	405,149	137,638	679,595	1,222,382
Amortisation charged for the year	-	174,603	135,919	310,522
At 31 December 2021	405,149	312,241	815,514	1,532,904
Carrying amount				
At 31 December 2021	-	1,751,903	543,672	2,295,575
At 31 December 2020	-	1,926,506	679,591	2,606,097
Company		Patents & licences	Intellectual Property	Total
		£	£	£
Cost				
At 1 January 2021 and 31 December 2021		2,064,144	1,359,186	3,423,330
Amortisation and impairment				
At 1 January 2021		137,638	679,595	817,233
Amortisation charged for the year		174,603	135,919	310,522
At 31 December 2021		312,241	815,514	1,127,755
Carrying amount				
At 31 December 2021		1,751,903	543,672	2,295,575
At 31 December 2020		1,926,506	679,591	2,606,097

Notes to the financial statements (continued)
For the year ended 31 December 2021

14 Tangible fixed assets

Group	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2021	674,937	1,220,087	2,197,386	4,092,410
Additions	62,309	219,094	1,013,636	1,295,039
Disposals	-	(1,691)	(348)	(2,039)
At 31 December 2021	737,246	1,437,490	3,210,674	5,385,410
Depreciation and impairment				
At 1 January 2021	505,887	982,580	1,774,718	3,263,185
Depreciation charged in the year	89,890	226,961	583,515	900,366
Eliminated in respect of disposals	-	(1,259)	(348)	(1,607)
At 31 December 2021	595,777	1,208,282	2,357,885	4,161,944
Carrying amount				
At 31 December 2021	141,469	229,208	852,789	1,223,466
At 31 December 2020	169,050	237,507	422,668	829,225

15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	16	-	-	462,206	462,206
Investments in associates	17	834,538	824,134	826,657	826,657
		834,538	824,134	1,288,863	1,288,863

Notes to the financial statements (continued)
For the year ended 31 December 2021

15 Fixed asset investments (continued)

Movements in fixed asset investments
Group

Shares in group
undertakings
and
participating
interests

£

Cost or valuation

At 1 January 2021

824,134

Amortisation

(85,250)

Dividends received

(21,844)

Share of profit

117,498

At 31 December 2021

834,538

Carrying amount

At 31 December 2021

834,538

At 31 December 2020

824,134

Movements in fixed asset investments
Company

Shares in group
undertakings
and
participating
interests

£

Cost or valuation

At 1 January 2021 and 31 December 2021

1,288,863

Carrying amount

At 31 December 2021

1,288,863

At 31 December 2020

1,288,863

Notes to the financial statements (continued)
For the year ended 31 December 2021

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Cloud Imperium Games Limited	1	Ordinary	100.00	-
Cloud Imperium Rights Limited	1	Ordinary	100.00	-
Roberts Space Industries International Limited	1	Ordinary	100.00	-
Roberts Space Industries Germany	2	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

- 1 Manchester Goods Yard, 6 Goods Yard Street, Manchester, England, M3 3BG
- 2 ONE, Brussels Street 1-3, 60327 Frankfurt am Main

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Cloud Imperium Games Limited	(14,051,188)	5,653,220
Cloud Imperium Rights Limited	3,623	(2,619)
Roberts Space Industries International Limited	(1)	-
Roberts Space Industries Germany	(98,334)	14,020

17 Associates

Separate company financial statements are required to be prepared by law. Financial statements for the Turbulent Media Inc. are prepared and publicly available.

Details of associates at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held
			Direct
Turbulent Media Inc.	3981 Boul. Saint-Laurent, Bureau 888, Montréal (Québec), Canada, H2W 1Y5	Ordinary	25.00

Notes to the financial statements (continued)
For the year ended 31 December 2021

18 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,358,973	876,894	7,550,063	11,746,274
Carrying amount of financial liabilities				
Measured at amortised cost	3,156,038	2,315,403	17,588	841,237

19 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	134,695	78,398	-	-

20 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Corporation tax recoverable	5,652,834	9,251,111	-	-
Amounts owed by group undertakings	-	-	7,364,917	11,746,274
Other debtors	4,117,523	568,167	185,146	230
Prepayments and accrued income	1,562,984	848,049	157,025	39,396
	11,333,341	10,667,327	7,707,088	11,785,900
Amounts falling due after more than one year:				
Prepayments and accrued income	-	-	7,299,254	5,553,718
Total debtors	11,333,341	10,667,327	15,006,342	17,339,618

Notes to the financial statements (continued)
For the year ended 31 December 2021

21 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	1,632,909	726,071	1,588	1,377
Amounts owed to group undertakings	-	-	-	27,578
Corporation tax payable	9,122	5,776	-	-
Other taxation and social security	3,295,311	3,464,907	63	-
Other creditors	1,050,549	1,361,169	-	798,206
Accruals and deferred income	472,580	228,163	16,000	14,076
	<u>6,460,471</u>	<u>5,786,086</u>	<u>17,651</u>	<u>841,237</u>

22 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>1,425,060</u>	<u>1,083,500</u>

A defined contribution pension scheme is operated for all qualifying employees of the group. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 0.01p each	<u>1,171,580</u>	<u>1,171,580</u>	<u>117</u>	<u>117</u>

24 Financial commitments, guarantees and contingent liabilities

Coutts & Co. holds a charge over all the company's right, title and interest in and to the Video Game in relation to the outstanding loan facility. As at the reporting date, the balance of the loan was £nil (2020: £nil).

Notes to the financial statements (continued)
For the year ended 31 December 2021

25 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	1,302,829	493,851	-	-
Between two and five years	15,717,511	1,115,318	-	-
In over five years	25,578,504	-	-	-
	<u>42,598,844</u>	<u>1,609,169</u>	<u>-</u>	<u>-</u>

26 Related party transactions

Roberts Space Industries Corporation	2021 £	2020 £
Balance brought forward	4,888	563,508
Transactions in period	5,771	(558,620)
Amounts due from/(to) Roberts Space Industries Corporation as at 31 December 2021	<u>10,659</u>	<u>4,888</u>

The transactions in the period relate to the settlement of costs recharged from Roberts Space Industries Corp.

Cloud Imperium Games, LLC	2021 £	2020 £
Balance brought forward	(77,401)	(160,698)
Transactions in period	(173,462)	83,297
Amounts due from/(to) Cloud Imperium Games, LLC as at 31 December 2021	<u>(250,863)</u>	<u>(77,401)</u>

The transactions in the period relate to the recharge of expenses incurred by Cloud Imperium Games, LLC.

Notes to the financial statements (continued)
For the year ended 31 December 2021

26 Related party transactions (continued)

Cloud Imperium Games Texas, LLC	2021	2020
	£	£
Balance brought forward	(67,819)	(700,996)
Transactions in period	(18,688)	633,177
	<u>(86,507)</u>	<u>(67,819)</u>
Amounts due from/(to) Cloud Imperium Games Texas, LLC as at 31 December 2021	<u>(86,507)</u>	<u>(67,819)</u>

The transactions in the period relate to the recharge of expenses incurred by Cloud Imperium Games Texas, LLC.

Cloud Imperium Rights, LLC	2021	2020
	£	£
Balance brought forward	(298)	(69,202)
Transactions in period	203	68,904
	<u>(95)</u>	<u>(298)</u>
Amounts due from/(to) Cloud Imperium Rights, LLC as at 31 December 2021	<u>(95)</u>	<u>(298)</u>

The transactions in the period relate to the recharge of expenses incurred by the Group to Cloud Imperium Rights, LLC.

Cloud Imperium US, LLC	2021	2020
	£	£
Balance brought forward	(572,493)	-
Transactions in period	745,778	(572,493)
	<u>173,285</u>	<u>(572,493)</u>
Amounts due from/(to) Cloud Imperium US, LLC as at 31 December 2021	<u>173,285</u>	<u>(572,493)</u>

The transactions in the period relate to the recharge of expenses incurred by Cloud Imperium US, LLC.

Notes to the financial statements (continued)
For the year ended 31 December 2021

26 Related party transactions (continued)

Cloud Imperium Games Corporation	2021	2020
	£	£
Balance brought forward	158,823	-
Transactions in period	(158,823)	158,823
	<u> </u>	<u> </u>
Amounts due from/(to) Cloud Imperium Games Corporation as at 31 December 2021	<u> </u> -	<u> </u> 158,823

The transactions in the period relate to the recharge of expenses incurred by the group to Cloud Imperium Games Corporation.

Turbulent Media, Inc.	2021	2020
	£	£
Balance brought forward	(13,957)	-
Transactions in period	13,957	(13,957)
	<u> </u>	<u> </u>
Amounts due from/(to) Turbulent Media, Inc. as at 31 December 2021	<u> </u> -	<u> </u> (13,957)

The transactions in the period relate to the recharge of expenses incurred by Turbulent Media, Inc.

Roberts Space Industries Corporation, Cloud Imperium Games, LLC, Cloud Imperium Games Texas, LLC, Cloud Imperium Rights, LLC, Cloud Imperium US, LLC are considered related parties as Christopher Roberts is the ultimate controlling party of these companies and the UK Group.

Turbulent Media, Inc. is considered a related party by virtue of being an associate of the Group.

The balances owed at the year end are included within other debtors and other creditors.

Notes to the financial statements (continued)
For the year ended 31 December 2021

27 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	3,942,038	4,762,976
Adjustments for:		
Share of results of associates and joint ventures	(117,498)	(95,028)
Finance costs	3,210	-
Investment income	-	(25,414)
Loss on disposal of tangible fixed assets	249	390
Amortisation and impairment of intangible assets	395,772	358,806
Depreciation and impairment of tangible fixed assets	900,366	655,209
Taxation credited	(5,653,220)	(4,731,677)
Movements in working capital:		
(Increase) in stocks	(56,297)	(78,398)
(Increase)/decrease in debtors	(4,132,709)	442,701
Increase in creditors	760,721	1,545,672
(Decrease)/increase in deferred income	(1,483,749)	1,483,749
Cash (absorbed by)/generated from operations	(5,441,117)	4,318,986

28 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	20,693,698	2,316,240	23,009,938

Notes to the financial statements (continued)
For the year ended 31 December 2021

29 Cash generated from/(absorbed by) operations - company

	2021	2020
	£	£
Loss for the year after tax	(1,729,601)	-
Adjustments for:		
Finance costs	3,210	-
Investment income	(21,844)	(41,020)
Amortisation and impairment of intangible assets	310,522	273,557
Movements in working capital:		
Decrease/(increase) in debtors	2,333,276	(3,759,320)
Decrease in creditors	(823,586)	(90,243)
Cash generated from/(absorbed by) operations	<u>71,977</u>	<u>(3,617,026)</u>

30 Analysis of changes in net funds - company

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	<u>15,766</u>	<u>90,611</u>	<u>106,377</u>