

REGISTERED NUMBER: 08048421 (England and Wales)

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
DIGITAL.AI SOFTWARE (UK) LTD.**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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DIGITAL.AI SOFTWARE (UK) LTD.

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS:

S Elop
D F Holt

REGISTERED OFFICE:

c/o Corporation Service Company (UK) Ltd
10th Floor
5 Churchill Place
London
E14 5HU

REGISTERED NUMBER:

08048421 (England and Wales)

ACCOUNTANTS:

Jamieson Stone LLP
Windsor House
40/41 Great Castle Street
London
W1W 8LU

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIRECTOR

S Elop held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

D F Holt was appointed as a director after 31 December 2022 but prior to the date of this report.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Stephen Elop

S Elop - Director

16 August 2023

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
DIGITAL.AI SOFTWARE (UK) LTD.**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Digital.AI Software (UK) Ltd. for the year ended 31 December 2022 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Digital.AI Software (UK) Ltd., as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Digital.AI Software (UK) Ltd. and state those matters that we have agreed to state to the Board of Directors of Digital.AI Software (UK) Ltd., as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Digital.AI Software (UK) Ltd. and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Digital.AI Software (UK) Ltd. has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Digital.AI Software (UK) Ltd.. You consider that Digital.AI Software (UK) Ltd. is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Digital.AI Software (UK) Ltd.. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Jamieson Stone

Jamieson Stone LLP
Windsor House
40/41 Great Castle Street
London
W1W 8LU

16 August 2023

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
CONTINUING OPERATIONS			
Revenue		2,357,032	1,065,100
Cost of sales		<u>(236,126)</u>	<u>(182,568)</u>
GROSS PROFIT		2,120,906	882,532
Administrative expenses		<u>(1,849,548)</u>	<u>(1,116,682)</u>
OPERATING PROFIT/(LOSS)		<u>271,358</u>	<u>(234,150)</u>
PROFIT/(LOSS) BEFORE INCOME TAX 4		271,358	(234,150)
Income tax	5	<u>34,117</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR		<u><u>305,475</u></u>	<u><u>(234,150)</u></u>

The notes form part of these financial statements

DIGITAL.AI SOFTWARE (UK) LTD. (REGISTERED NUMBER: 08048421)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
PROFIT/(LOSS) FOR THE YEAR	305,475	(234,150)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>305,475</u>	<u>(234,150)</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	Notes	2022 £	2021 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>1,255</u>	<u>3,455</u>
CURRENT ASSETS			
Trade and other receivables	7	2,280,763	897,068
Cash and cash equivalents	8	<u>33,813</u>	<u>501,857</u>
		<u>2,314,576</u>	<u>1,398,925</u>
TOTAL ASSETS		<u><u>2,315,831</u></u>	<u><u>1,402,380</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	9	1,000	1,000
Retained earnings	10	<u>332,696</u>	<u>27,221</u>
TOTAL EQUITY		<u>333,696</u>	<u>28,221</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	12	<u>499,591</u>	<u>457</u>
CURRENT LIABILITIES			
Trade and other payables	11	<u>1,482,544</u>	<u>1,373,702</u>
TOTAL LIABILITIES		<u>1,982,135</u>	<u>1,374,159</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,315,831</u></u>	<u><u>1,402,380</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2022

The financial statements were approved by the Board of Directors and authorised for issue on 16 August 2023 and were signed on its behalf by:

Stephen Elop

S Elop - Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1,000	261,371	262,371
Changes in equity			
Total comprehensive income	-	(234,150)	(234,150)
Balance at 31 December 2021	<u>1,000</u>	<u>27,221</u>	<u>28,221</u>
Changes in equity			
Total comprehensive income	-	305,475	305,475
Balance at 31 December 2022	<u>1,000</u>	<u>332,696</u>	<u>333,696</u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(468,044)</u>	<u>375,744</u>
Net cash from operating activities		<u>(468,044)</u>	<u>375,744</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>-</u>	<u>(583)</u>
Net cash from investing activities		<u>-</u>	<u>(583)</u>
		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		(468,044)	375,161
Cash and cash equivalents at beginning of year	2	<u>501,857</u>	<u>126,696</u>
Cash and cash equivalents at end of year	2	<u><u>33,813</u></u>	<u><u>501,857</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit/(loss) before income tax	271,358	(234,150)
Depreciation charges	2,200	2,840
Tax provision	<u>533,251</u>	<u>-</u>
	806,809	(231,310)
(Increase)/decrease in trade and other receivables	(1,383,695)	22,813
Increase in trade and other payables	<u>108,842</u>	<u>584,241</u>
Cash generated from operations	<u>(468,044)</u>	<u>375,744</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>33,813</u>	<u>501,857</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>501,857</u>	<u>126,696</u>

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

1. STATUTORY INFORMATION

Digital.AI Software (UK) Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the average rate of exchange ruling for the financial year. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	1,280,062	826,807
Social security costs	192,141	100,562
Other pension costs	108,567	58,477
	<u>1,580,770</u>	<u>985,846</u>

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

3. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2022	2021
Management	3	3
Sales	2	2
Technical	<u>1</u>	<u>1</u>
	<u>6</u>	<u>6</u>

	2022	2021
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. **PROFIT/(LOSS) BEFORE INCOME TAX**

The profit before income tax (2021 - loss before income tax) is stated after charging/(crediting):

	2022	2021
	£	£
Cost of inventories recognised as expense	236,126	182,568
Depreciation - owned assets	2,200	2,773
Foreign exchange differences	<u>(28,299)</u>	<u>(53,222)</u>

5. **INCOME TAX**

Analysis of tax income

	2022	2021
	£	£
Current tax:		
Corporation tax	<u>(34,117)</u>	<u>-</u>
Total tax income in statement of profit or loss	<u>(34,117)</u>	<u>-</u>

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

6. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
At 1 January 2022	8,286
Disposals	<u>(1,686)</u>
At 31 December 2022	<u>6,600</u>
DEPRECIATION	
At 1 January 2022	4,831
Charge for year	2,200
Eliminated on disposal	<u>(1,686)</u>
At 31 December 2022	<u>5,345</u>
NET BOOK VALUE	
At 31 December 2022	<u>1,255</u>
At 31 December 2021	<u>3,455</u>

7. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Current:		
Trade debtors	744,956	753,639
Amounts due from group undertakings	1,535,807	137,627
Prepayments and accrued income	-	5,802
	<u>2,280,763</u>	<u>897,068</u>

8. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Bank accounts	<u>33,813</u>	<u>501,857</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022 £	2021 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

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

10. RESERVES

	Retained earnings £
At 1 January 2022	27,221
Profit for the year	<u>305,475</u>
At 31 December 2022	<u>332,696</u>

11. TRADE AND OTHER PAYABLES

	2022 £	2021 £
Current:		
Trade creditors	4,908	25,532
Social security and other taxes	354,622	244,437
Other creditors	12,713	-
Accrued expenses	264,206	170,730
Deferred income	<u>846,095</u>	<u>933,003</u>
	<u>1,482,544</u>	<u>1,373,702</u>

12. DEFERRED TAX

	2022 £	2021 £
Balance at 1 January	457	-
Charge for year	<u>499,134</u>	<u>457</u>
Balance at 31 December	<u>499,591</u>	<u>457</u>

13. ULTIMATE PARENT COMPANY

The ultimate parent company is Mastel XL Holdings LLC (incorporated in the USA).