

Registered number: 02198424

SOFTWARE GENERATION LTD

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

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SOFTWARE GENERATION LTD

COMPANY INFORMATION

Directors	Brett Allen Paduch (appointed 1 June 2023) Claudia Fuentes-diaz (appointed 1 June 2023) Jennifer Lee Fehrmann (appointed 1 June 2023)
Registered number	02198424
Registered office	25 King Street Bristol BS1 4PB

SOFTWARE GENERATION LTD

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SOFTWARE GENERATION LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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

Directors

The directors who served during the period were:

Daniel William Castles (appointed 11 March 2021, resigned 1 June 2023)

Jonathan Patrick Wilson (appointed 11 March 2021, resigned 1 June 2023)

Going Concern

The company has received confirmation from the ultimate controlling party, Telestream LLC, that sufficient financial support will be provided for the foreseeable future. After reviewing the current status of operations and taking into consideration the funding available the company, the directors have reasonable expectation that the company has access to adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and for the foreseeable future. For this reason, the directors have adopted the going concern basis in the preparation of the financial statements.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26 June 2023 and signed on its behalf.

DocuSigned by:


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Brett Allen Paduch
Director

SOFTWARE GENERATION LTD

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	18 Months to 31 December 2022 £	30 June 2021 £
Turnover		3,263,865	3,182,906
Cost of sales		(9,420)	(363,999)
Gross profit		3,254,445	2,818,907
Administrative expenses		(1,761,206)	(3,717,384)
Operating profit/(loss)		1,493,239	(898,477)
Interest receivable and similar income		209	(301)
Profit/(loss) before tax		1,493,448	(898,778)
Tax on profit/(loss)		(360,776)	(27,866)
Profit/(loss) after tax		1,132,672	(926,644)
Retained earnings at the beginning of the period		2,535,644	3,462,288
		2,535,644	3,462,288
Profit/(loss) for the period		1,132,672	(926,644)
Retained earnings at the end of the period		3,668,316	2,535,644

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 5 to 10 form part of these financial statements.

SOFTWARE GENERATION LTD
REGISTERED NUMBER: 02198424

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

			31 December 2022 £	30 June 2021 £
Fixed assets	Note			
Tangible assets	4		7,038	-
			<u>7,038</u>	<u>-</u>
Current assets				
Debtors: amounts falling due within one year	5	5,793,112	5,900,591	
Cash at bank and in hand		395,346	701,978	
		<u>6,188,458</u>	<u>6,602,569</u>	
Creditors: amounts falling due within one year	6	(2,518,708)	(3,994,147)	
Net current assets			<u>3,669,750</u>	<u>2,608,422</u>
Total assets less current liabilities			<u>3,676,788</u>	<u>2,608,422</u>
Creditors: amounts falling due after more than one year	7		(7,522)	(72,578)
Provisions for liabilities				
Deferred tax		(750)	-	
			<u>(750)</u>	<u>-</u>
Net assets			<u><u>3,668,516</u></u>	<u><u>2,535,844</u></u>
Capital and reserves				
Called up share capital			200	200
Profit and loss account			3,668,316	2,535,644
			<u><u>3,668,516</u></u>	<u><u>2,535,844</u></u>

SOFTWARE GENERATION LTD
REGISTERED NUMBER: 02198424

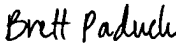
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 June 2023.

DocuSigned by:

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Brett Allen Paduch
Director

The notes on pages 5 to 10 form part of these financial statements.

SOFTWARE GENERATION LTD

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

1. General information

The company is a private company limited by shares registered in England and Wales. The address of the registered office is 25 King Street, Bristol BS1 4PB. The company was acquired by Telestream LLC on the 11 March 2021.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Going concern

The company has received confirmation from the ultimate controlling party, Telestream LLC, that sufficient financial support will be provided for the foreseeable future. After reviewing the current status of operations and taking into consideration the funding available to the company, the directors have reasonable expectation that the company has access to adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and for the foreseeable future. For this reason, the directors have adopted the going concern basis in the preparation of the financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Turnover represents revenue generated from; software licence sales; software support; installation; hardware sales; training and management fees receivable, recharges to the ultimate parent company and is shown net of Value Added Tax.

Software licence sales are recognised when the customer has the right to use the software under a signed licence agreement.

Software support is recognised over the period to which the support relates.

The installation of software and licences is recognised when the risks and rewards are considered to have been transferred to the customer, which is at the point, the contract is not cancellable. The corresponding costs of installations are accrued as appropriate.

Hardware sales are recognised in the period which they occur, the corresponding costs of training are accrued.

Management fees receivable are recognised during the period to which they relate.

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 transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to the contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome can be estimated reliably, revenue is recognised only to the extent of the expenses recognised are recoverable.

2.5 Pensions

Defined contribution pension plan

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

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

SOFTWARE GENERATION LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.6 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Computer equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

SOFTWARE GENERATION LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.8 Provisions for liabilities**

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.9 Financial instruments

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

3. Employees

The average monthly number of employees, including the directors, during the period was as follows:

	18 Months to 31 December 2022 No.	30 June 2021 No.
Average number of Employees	12	23

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

4. Tangible fixed assets

	Computer equipment £
Cost or valuation	
Additions	9,611
At 31 December 2022	9,611
Depreciation	
Charge for the period on owned assets	2,573
At 31 December 2022	2,573
Net book value	
At 31 December 2022	7,038
At 30 June 2021	-

5. Debtors

	31 December 2022 £	30 June 2021 £
Trade debtors	10,112	772,241
Amounts owed by group undertakings	5,749,826	4,759,866
Other debtors	10,632	88,868
Prepayments and accrued income	22,542	59,824
Deferred taxation	-	219,792
	<u>5,793,112</u>	<u>5,900,591</u>

Amounts owed by group undertakings in which the company has a participating interest includes an intercompany loan of £5,749,826 which is repayable on demand and is interest free.

SOFTWARE GENERATION LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

6. Creditors: Amounts falling due within one year

	31 December 2022 £	30 June 2021 £
Trade creditors	12,417	20,615
Amounts owed to group undertakings	2,053,726	2,503,536
Corporation tax	139,224	-
Other taxation and social security	20,057	35,417
Other creditors	73,256	542
Accruals and deferred income	220,028	1,434,037
	<u>2,518,708</u>	<u>3,994,147</u>

Amounts owed to group undertakings and undertakings in which the company has a participating interest includes an intercompany loan of £2,053,726 which is payable on demand and interest free.

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

	31 December 2022 £	30 June 2021 £
Accruals and deferred income	7,522	72,578
	<u>7,522</u>	<u>72,578</u>

8. Related party transactions

The company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies on the grounds that it is a wholly owned subsidiary of Archive Topco Limited.

9. Controlling party

The company's immediate parent is Software Generation Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking of Software Generation Limited is Archive Topco Limited, a company incorporated in England and Wales. Its registered office is 25 King Street Bristol, England, BS1 4PB.

The financial statements of Archive Topco Limited are publicly available and may be obtained from the registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The company's ultimate controlling party is Telestream LLC.