

Company registration number 07304156 (England and Wales)

TURBONOMIC (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022

TURBONOMIC (UK) LIMITED

COMPANY INFORMATION

Director E Binboga (Appointed 31 March 2022)

Secretary Taylor Wessing

Company number 07304156

Registered office PO Box 41
North Harbour
Portsmouth
Hants
PO6 3AU

Auditor Mercer & Hole LLP
Trinity Court
Church Street
Rickmansworth
Herts
WD3 1RT

Business address 20 Tudor Road
Reading
RG1 1NH

TURBONOMIC (UK) LIMITED

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TURBONOMIC (UK) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The director presents his annual report and financial statements for the year ended 31 January 2022.

Principal activities

The principal activity of the company continued to be that of an Application Resource Management and Network Performance Management software provider.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

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

J N Davis	(Resigned 28 February 2022)
D Chaplin	(Resigned 31 March 2022)
E Binboga	(Appointed 31 March 2022)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The company has granted this indemnity in favour of the directors of the company as is permitted by Section 232-235 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. International Business Machines Corporation, the company's ultimate parent undertaking, has purchased Directors' and Officers' liability insurance cover for the directors against liabilities arising in relation to the company, as permitted by the Companies Act 2006. This insurance does not cover criminal activity.

Post reporting date events

On 27 June 2022 the Company was acquired by IBM United Kingdom Limited. On 1 July 2022 the Company transferred its trade, business and its net assets to IBM United Kingdom Limited. After this date the Company remains dormant.

Auditor

The company's auditor, Mercer & Hole, incorporated on 1 October 2022 to become Mercer & Hole LLP. The directors have consented to treating the incorporation of Mercer & Hole LLP as a continuation of the existing audit arrangement and in accordance with the company's articles, a resolution proposing that Mercer & Hole LLP be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

TURBONOMIC (UK) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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 company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 company's auditor 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 company's auditor is aware of that information.

Strategic Report

The company has taken advantage under Section 414B of the Companies Act 2006 from including a Strategic Report in its financial statements.

On behalf of the board

E Binboga
Director

26 October 2022

TURBONOMIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF TURBONOMIC (UK) LIMITED

Opinion

We have audited the financial statements of Turbonomic (UK) Limited (the 'company') for the year ended 31 January 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 January 2022 and of its 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 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.

Emphasis of matter - Non-going concern basis of accounting

We draw attention to note 1.2 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1.2.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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 our audit:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

TURBONOMIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TURBONOMIC (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of safety regulations and we considered the extent to which non-compliance may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principle risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure, and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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 collusions.

TURBONOMIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TURBONOMIC (UK) LIMITED

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 company's member 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 company's member those matters we are required to state to the member in an auditor's 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 company and the company's member, for our audit work, for this report, or for the opinions we have formed.

M S Cassidy FCA (Senior Statutory Auditor)
For and on behalf of Mercer & Hole LLP

26 October 2022

Chartered Accountants
Statutory Auditor

Trinity Court
Church Street
Rickmansworth
Herts
WD3 1RT

TURBONOMIC (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 JANUARY 2022**

		2022	2021
		£	£
Turnover	3	8,483,353	5,620,150
Cost of sales		(6,732,284)	(4,610,495)
Gross profit		1,751,069	1,009,655
Administrative expenses		(1,291,250)	(770,908)
Profit before taxation		459,819	238,747
Tax on profit	6	-	(59,643)
Profit for the financial year		459,819	179,104

TURBONOMIC (UK) LIMITED**BALANCE SHEET****AS AT 31 JANUARY 2022**

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		-		85,709
Current assets					
Debtors	8	2,827,397		2,100,188	
Tangible assets	9	53,457		-	
Cash at bank and in hand		988,801		179,560	
		<u>3,869,655</u>		<u>2,279,748</u>	
Creditors: amounts falling due within one year	10	<u>(1,765,894)</u>		<u>(721,515)</u>	
Net current assets			2,103,761		1,558,233
Net assets			<u>2,103,761</u>		<u>1,643,942</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Other reserves			-		163,206
Profit and loss reserves			<u>2,102,761</u>		<u>1,479,736</u>
Total equity			<u>2,103,761</u>		<u>1,643,942</u>

The financial statements were approved by the board of directors and authorised for issue on 26 October 2022 and are signed on its behalf by:

E Binboga
Director

Company Registration No. 07304156

TURBONOMIC (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 February 2020	1,000	134,328	1,300,632	1,435,960
Year ended 31 January 2021:				
Profit and total comprehensive income for the year	-	-	179,104	179,104
Transfers	-	28,878	-	28,878
Balance at 31 January 2021	1,000	163,206	1,479,736	1,643,942
Year ended 31 January 2022:				
Profit and total comprehensive income for the year	-	-	459,819	459,819
Transfers	-	(163,206)	163,206	-
Balance at 31 January 2022	1,000	-	2,102,761	2,103,761

TURBONOMIC (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	18	912,505		160,314	
Income taxes paid		(60,360)		(89,254)	
		<u>852,145</u>		<u>71,060</u>	
Net cash inflow from operating activities					
		852,145		71,060	
Investing activities					
Purchase of tangible fixed assets		(42,904)		-	
		<u>(42,904)</u>		<u>-</u>	
Net cash used in investing activities					
		(42,904)		-	
Net increase in cash and cash equivalents					
		<u>809,241</u>		<u>71,060</u>	
Cash and cash equivalents at beginning of year		179,560		108,500	
Cash and cash equivalents at end of year		<u><u>988,801</u></u>		<u><u>179,560</u></u>	

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

Company information

Turbonomic (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is PO Box 41, North Harbour, Portsmouth, Hants, PO6 3AU.

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 £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

It is the intention of the directors to dissolve the company and as such the accounts have not been prepared on a going concern basis, as such all assets have been written down to their recoverable amount and all known liabilities existing at the accounts approval date have been included in these financial statements. This is expected to appropriately reflect the position of the company at the period end.

1.3 Turnover

Turnover is recognised at the fair value of commission receivable for the marketing and promotion of the products and services of group companies in the normal course of business in accordance with the contractual agreement.

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. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33.3% on cost/straight line over lease period
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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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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.

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.

1.6 Cash and cash equivalents

Cash at bank and in hand 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.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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 company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company 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 company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 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.

1.11 Retirement benefits

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

1.12 Share-based payments

The company participates in a share-based payment arrangement granted to its employees by its parent company.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

The company accounts for the impact of forfeitures or settlements (including those resulting from employee redundancies) when they occur.

1.13 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 leases asset are consumed.

TURBONOMIC (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2022****1 Accounting policies (Continued)****1.14 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 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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. Historically, accounting estimates have not had a material impact on the company's financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recoverability of amounts due from group companies

The directors consider the amounts due to the company from other group companies and related parties to be fully recoverable based on the support provided by the group and its controlling shareholders.

3 Turnover

	2022	2021
	£	£
Turnover analysed by class of business		
Recharge to Turbonomic Inc	8,483,353	5,620,150

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United States.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(6,492)	(643)
Fees payable to the company's auditor for the audit of the company's financial statements	14,000	12,500
Depreciation of owned tangible fixed assets	75,156	45,928
Share-based payments	-	28,878
Operating lease charges	114,443	68,524

TURBONOMIC (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2022****5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

2022	2021
Number	Number
25	25

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	5,966,706	4,096,876
Social security costs	632,658	407,481
Pension costs	132,920	106,138
	6,732,284	4,610,495

6 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	-	60,360
Adjustments in respect of prior periods	-	(717)
Total current tax	-	59,643

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:

	2022	2021
	£	£
Profit before taxation	459,819	238,747
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	87,366	45,362
Tax effect of expenses that are not deductible in determining taxable profit	4,618	2,236
Change in unrecognised deferred tax assets	16,637	9,756
Effect of change in corporation tax rate	(10,132)	-
Other permanent differences	(96,044)	(717)
Capital allowances	(2,445)	3,006
Taxation charge for the year	-	59,643

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 February 2021	370,231
Additions	42,904
Transfers	(413,135)
	<hr/>
At 31 January 2022	-
	<hr/>
Depreciation and impairment	
At 1 February 2021	284,522
Depreciation charged in the year	75,156
Transfers	(359,678)
	<hr/>
At 31 January 2022	-
	<hr/>
Carrying amount	
At 31 January 2022	-
	<hr/>
At 31 January 2021	<u>85,709</u>

As stated in note 1.2, it is the intention of the directors to liquidate the company and therefore all fixed assets have been reclassified as current assets.

8 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Corporation tax recoverable	6,227	-
Other debtors	2,803,770	2,043,282
Prepayments and accrued income	17,400	56,906
	<hr/>	<hr/>
	2,827,397	2,100,188
	<hr/>	<hr/>

9 Tangible assets - current

	2022 £	2021 £
Fixed assets reclassified as current	53,457	-
	<hr/>	<hr/>

As stated in note 1.2, it is the intention of the directors to liquidate the company and therefore all fixed assets have been reclassified as current assets.

TURBONOMIC (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2022****10 Creditors: amounts falling due within one year**

	2022	2021
	£	£
Trade creditors	154,563	17,947
Corporation tax	-	54,133
Other taxation and social security	919,538	125,803
Accruals and deferred income	691,793	523,632
	<u>1,765,894</u>	<u>721,515</u>

11 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>132,920</u>	<u>106,138</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

12 Share-based payment transactions

The company participates in a group share based payment plan and has a share option plan available to key management personnel and all schemes have similar terms. Each option is equal to one share of the company's Common Stock. The exercise price is equal to the fair market value of the company's Common Stock at the date of grant, as determined by an independent valuation advisor.

The options vest over the following periods:

- 25% vest after 1 year, monthly thereafter for 36 months
- Monthly over 4 years

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

12 Share-based payment transactions

(Continued)

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 \$	2021 \$
Outstanding at the beginning of the year	343,217	525,989	1.61	1.49
Granted	-	136,000	-	1.90
Forfeited	(7,913)	(318,772)	1.61	1.55
Settled in cash	(151,111)	-	1.61	
Rolled over to new scheme	(181,567)	-	1.61	
Exercised	(2,626)	-	1.43	-
Outstanding at the end of the year	-	343,217	-	1.61
Exercisable at the end of the year	-	137,643	-	1.33

There were no options outstanding at 31 January 2022.

Following acquisition of the company by IBM Corporation, all employees that held fully vested share options were paid cash compensation. This affected 151,111 of the options as noted above and during the year payments of £817,123 were made through the UK payroll.

Any employees who held unvested options at the date of acquisition were provided with options in IBM Corporation. A calculation was performed to calculate the equivalent number of options and exercise price under IBM Corporation, in comparison to Turbonomic Inc with the same vesting conditions applied.

This affected 181,567 options, which now have an average exercise price of \$29.33. This represents an increase in fair value on amendment to the scheme and a charge of £87,613 (\$123,290) has been calculated in relation to this. However, as the charge is immaterial no amounts have been included in these financial statements.

During the year, the company recognised total share-based payment expenses of £- (2021 - £28,878) which related to equity settled share based payment transactions.

13 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

TURBONOMIC (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2022****14 Operating lease commitments****Lessee**

At the date the financial statements were signed, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	213,354	134,750
Between two and five years	-	213,534
	<u>213,354</u>	<u>348,284</u>

15 Events after the reporting date

On 27 June 2022 the Company was acquired by IBM United Kingdom Limited. On 1 July 2022 the Company transferred its trade, business and its net assets to IBM United Kingdom Limited. After this date the Company remains dormant.

16 Related party transactions**Transactions with related parties**

The company is a wholly owned subsidiary of Turbonomic Inc. and as such has taken advantage of the exemption permitted by FRS102 Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly owned members of the group.

17 Ultimate controlling party

During the current and prior year, the company was controlled by Turbonomic Inc., a company registered in the United States of America, by virtue of their 100% shareholding.

The registered office address of Turbonomic Inc. is 500 Boylston Street, Boston, MA 02116 and the consolidated financial statements for the group can be obtained from this address.

Turbonomic Inc. was acquired by IBM Corporation during the year and became the ultimate parent company of Turbonomic (UK) Limited.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

18 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	459,819	179,104
Adjustments for:		
Taxation charged	-	59,643
Depreciation and impairment of tangible fixed assets	75,156	45,928
Equity settled share based payment expense	-	28,878
Movements in working capital:		
(Increase)/decrease in debtors	(720,982)	25,118
Increase/(decrease) in creditors	1,098,512	(178,357)
Cash generated from operations	912,505	160,314

19 Analysis of changes in net funds

	1 February 2021	Cash flows	31 January 2022
	£	£	£
Cash at bank and in hand	179,560	809,241	988,801

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.