

**Strategic Report, Directors' Report and Financial Statements
for the Period Ended 31 December 2021**

**for
Auroch Digital Limited**

Registered no: 07389229

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Auroch Digital Limited

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And Financial Statements
for the period ended 31 December 2021**

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Auroch Digital Limited

**Company Information
for the period ended 31 December 2021**

DIRECTORS:	C Cavers (appointed 13 September 2021) P Porter (appointed 13 September 2021) D Trotman (appointed 13 September 2021) S Webb (appointed 13 September 2021) D Wilton (appointed 13 September 2021 and resigned 01 September 2022) A Stewart (appointed 01 September 2022) D Rawlings (resigned 13 September 2021) T Rawlings (resigned 13 September 2021)
REGISTERED OFFICE:	32 Jessops Riverside Brightside Lane Sheffield United Kingdom S9 2RX United Kingdom
REGISTERED NUMBER:	07389229 (England and Wales)
AUDITOR:	Ernst & Young LLP 1 Bridgewater Place 1 Water Lane Holbeck Leeds LS11 5QR

Auroch Digital Limited
Strategic Report
for the period ended 31 December 2021

The directors present their strategic report and the financial statements of the Company for the period ended 31 December 2021.

BUSINESS REVIEW

The Company is engaged in multi-platform video games development for third party publishers. The Company also publishes titles that it has developed. The Company has had strong trading performance in the period, delivering significant headcount and annualised revenue growth. The Company has continued to trade satisfactorily since the balance sheet date.

Key performance indicators are considered to be:

	9 months ended 31 December 2021	Year ended 31 31 March 2021
	£m	£m
Turnover	1.2	1.1
(Loss)/Profit after tax	(0.7)	0.0
Headcount (Average)	48	29

The Company has delivered significant annualised revenue growth in 2021 of 46.4% with the agreement of new contracts in the year and has grown average headcount from 29 to 48. Headcount at the end of the year was 61. Both cost of sales and administration expenses have increased year on year mainly due to increased staff costs as a result of the increased headcount. Although the company has made a loss during the period, this is expected to be off-set by estimated game revenues upon game launch in future periods.

Further, the Company is party to the Sumo Group Limited ("Sumo Group" or "The Group") £45m bank facility (£42m RCF; £3m overdraft). The Group had gross cash balances of £41.6m at 31 August 2022 after all drawdowns were fully repaid in July 2022. The facility has a maturity date of November 2023.

CHANGE OF CONTROL

The Company was acquired by Sumo Group Limited (formerly Sumo Group plc) on 13th September 2021 and became part of the Sumo Group.

On 17th January 2022, the ultimate parent undertaking (Sumo Group plc) was acquired by Tencent Holdings Limited, through its indirect wholly owned subsidiary, Sixjoy Hong Kong Limited ("Tencent"). This resulted in the delisting of Sumo Group plc's shares on the London Stock Exchange's Alternative Investment Market and, following the delisting, the Group changed its name to Sumo Group Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

Governance and risk management framework

The Board is responsible for the Company's risk management and for ensuring that robust processes are in place to identify, manage and report risks that threaten the business objectives of the Company. These include Financial, Operational and Regulatory Compliance risks. The principal features of the Company's risk management regime is a strong control environment, which is founded on an appropriate organisational structure for planning, executing, controlling and monitoring business operations. It includes clearly defined responsibilities and accountabilities.

Control procedures

These include: budgetary systems and management controls to manage financial risk, timely and accurate management information in respect of key performance measures; and procedures to ensure completed and accurate accounting, which are regularly reviewed by the Board.

The principal risks and uncertainties are:

Auroch Digital Limited

Strategic Report - continued for the period ended 31 December 2021

Customer

The risk of project cancellation and customer confidence is managed by providing high quality products on time and to customer specifications. Projects are managed through milestones and progress against these is reported to the operating board on a monthly basis and weekly at the project level.

The risk of overreliance on key clients is managed through monitoring of the Company's customer concentration and actively seeking to work with other clients across the industry to diversify the customer base.

Staff

The operations of the Company depend upon the continuing employment of key staff and, due to the specialized sector in which it operates, the ability to recruit and retain people with the expertise and experience required. To achieve this the Company provides what it believes to be competitive remuneration commensurate with the industry. The Company actively head hunts the best talent in the industry.

The Company seeks to continually develop its recruitment and retention activities, including aligning with the parent Company recruitment system and process. Regular engagement with higher education providers creates access to a strong graduate pool of future talent.

Pandemics

Despite the cancellation or postponement of major trade events and the severe travel restrictions in place to protect the health of our people, we are continuing to see business development opportunities. We actively mitigated the loss of face time through the increased use of telephony and video conferencing.

There remains a risk that other pandemics occur in future. If so, we believe the effects and mitigating actions are likely to be similar to those for COVID-19 and that the Group's experience in dealing with these during COVID-19 would be valuable in doing so again.

Global Events

Globally, countries are faced with cost of living and climate change challenges. In addition, the conflict between Russia and Ukraine remains ongoing. The impact of these challenges on the company have been considered and no material impact is anticipated.

Impact of Brexit

There remain uncertainties in relation to the detailed consequences of the United Kingdom's exit from the European Union, in particular as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including inter alia, the UK's tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the UK and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. Although it is not possible to predict fully the effects of the UK's exit from the European Union, any of these risks could have a material adverse impact on the financial condition and profitability of the Company.

Mitigating activities

The senior leadership team has compiled and maintained a Brexit report that outlines the Group's ongoing risk assessment. External consultation has been sought where appropriate.

The Sumo Group has a hedging policy to ensure that sufficient hedging arrangements are in place to reduce uncertainty and currency risk in our foreign currency contracts to an acceptable level.

Auroch Digital Limited
Strategic Report - continued
for the period ended 31 December 2021

IT security and stability

A breach of IT security, unauthorised copying or software piracy could result in loss of business and reputational damage for the Company, as well as associated negative financial impacts to revenue and costs from unauthorised copying of the intellectual property of clients.

Unauthorised copying of the Companies own intellectual property games, or games published by the Company, could have an adverse effect on the Company's ability to generate revenues and profits. Complete protection cannot be guaranteed, and an IT security breach could cause significant disruption to the Company's operations.

Mitigating activities

Our project work is protected by copy protection technology intended to prevent piracy.

We conduct robust testing on our systems and software, including penetration testing by external consultants. The implementation of action plans that arise from the results of testing is monitored by the Board.

Disaster recovery plans have been developed to ensure the business can recover from any interruptions with minimal impact.

During the period, the Sumo Group obtained the ISO27001 information security management accreditation, confirming the robustness of the Group's security systems.

ON BEHALF OF THE BOARD:



.....
A M D Stewart
Director

26 September 2022

Auroch Digital Limited
Directors' Report
for the period ended 31 December 2021

The directors present their report and financial statements of the Company for the period ended 31 December 2021.

RESULTS AND DIVIDENDS

The loss for the period, after taxation, amounted to £719,000 (year to 31 March 2021 profit: £49,000).

No dividends will be distributed for the period ended 31 December 2021.

FUTURE DEVELOPMENT

The directors expect the business to continue to trade profitably, delivering continued headcount growth and developing new and existing client relationships. Particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report.

DIRECTORS

The directors shown below have held office during the period from 1 April 2022 to the date of this report:

- C Cavers (appointed 13 September 2021)
- P Porter (appointed 13 September 2021)
- D Trotman (appointed 13 September 2021)
- S Webb (appointed 13 September 2021)
- D Wilton (appointed 13 September 2021 and resigned 01 September 2022)
- A Stewart (appointed 01 September 2022)
- D Rawlings (resigned 13 September 2021)
- T Rawlings (resigned 13 September 2021)

EMPLOYEE INVOLVEMENT

The Company regularly provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in its performance.

The Company recognizes its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their particular aptitudes and abilities. Where practicable, disabled employees are treated equally with other employees in respect of their eligibility for training, career development and promotion.

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in UK GAAP FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance.

The directors are 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. They are 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
-

Auroch Digital Limited

**Directors' Report - continued
for the period ended 31 December 2021**

- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

SUBSEQUENT EVENTS

On 17th January 2022, the ultimate parent undertaking (Sumo Group plc) was acquired by Tencent. This resulted in the delisting of Sumo Group plc's shares on the London Stock Exchange's Alternative Investment Market and, following the delisting, the Group changed its name to Sumo Group Limited.

Subsequent to period end, Russia invaded Ukraine and the conflict remains ongoing. To date, this has not had an impact on the operations or financial performance of the Company and no material financial impact is anticipated.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report.

At Balance sheet date, the Company had net assets of £134,000. The Company has obtained a letter of parental support and guarantees, which provide a safeguard to support the company's liquidity position until 26 September 2023. The directors therefore consider that the Company has adequate resources to continue in operation throughout the going concern assessment period to 26 September 2023.

Financial projections have been prepared at Sumo Group Limited (the "Group") to 30 September 2023 which show positive earnings and cash flow generation and project compliance with banking covenants at each testing date. The Group has applied downside sensitivities to these financial projections to assess the Group's ability to continue operating as a going concern. This process included a reverse 'stress test' to identify the break points in the Group's liquidity or banking covenants compliance. The break points identified in this exercise are considered to be unlikely scenarios as they are triggered only by a significant reduction in forecast revenue which is not contracted or near contracted, and do not consider any mitigating cost control measures which could be taken by the Group.

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern assessment period to 26 September 2023 and they have adopted the going concern basis of accounting in preparing the financial statements.

AUDITOR

The auditor, Ernst & Young LLP, have indicated their willingness to continue in office.

ON BEHALF OF THE BOARD:



.....
A M D Stewart
Director

26 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUROCH DIGITAL LIMITED

Opinion

We have audited the financial statements of Auroch Digital Limited for the period ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the period 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.

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 company's ability to continue as a going concern for a period ending 26 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 directors are 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 this 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUROCH DIGITAL LIMITED (CONTINUED)

work we have performed, we conclude that there is a material misstatement of the 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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 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 set out on page 5, 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 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 company or to cease operations, or have 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUROCH DIGITAL LIMITED (CONTINUED)

procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant tax compliance regulations within the United Kingdom.
- We understood how Auroch Digital Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes, papers provided to and discussions with those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was a susceptibility to fraud. We also considered performance targets and the propensity to influence efforts made by management to manage earnings. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals to revenue and were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved using data analytics to consider the full population of journal entries, focusing our work on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located 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 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 company's members those matters we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
28 September 2022

Auroch Digital Limited

**Statement of Comprehensive Income
for the period ended 31 December 2021**

		Period ended 31 December 2021	Year ended 31 March 2021 (Restated*)
		£000's	£000's
	Notes		
TURNOVER	4	1,200	1,093
Cost of sales		(1,202)	(641)
GROSS PROFIT		(2)	452
Administrative expenses		(676)	(455)
OPERATING LOSS	5	(678)	(3)
Interest payable	8	(1)	(3)
LOSS BEFORE TAX		(679)	(6)
Tax on loss	9	(40)	55
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(719)	49
Other comprehensive income		-	-
TOTAL (LOSS)/COMPREHENSIVE INCOME FOR THE PERIOD		(719)	49

All of the activities of the Company are classed as continuing.

The notes on pages 13 to 29 form part of these financial statements.

**The Company was acquired by Sumo Group Limited (formerly Sumo Group plc) on 13th September 2021 and became part of the Sumo Group Limited group of companies, "the Group". The Group reports in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under IFRS. As such, the Company transitioned from FRS102 to FRS101 during the period and has restated prior period figures accordingly, detail of which can be seen within Note 2 and Note 19.*

Auroch Digital Limited

**Statement of Financial Position
As at 31 December 2021**

		31 December 2021		31 March 2021 (Restated)	
	Notes	£000's	£000's	£000's	£000's
NON-CURRENT ASSETS					
Intangible assets	10		428		149
Tangible assets	11		139		76
			<u>567</u>		<u>225</u>
CURRENT ASSETS					
Debtors	12	621		336	
Cash at bank	13	68		60	
		<u>689</u>		<u>396</u>	
CREDITORS					
Amounts falling due within one year	14	(1,111)		(185)	
NET CURRENT LIABILITIES / ASSETS			(422)		211
CREDITORS					
Amounts falling due after more than one year	15		(11)		(34)
TOTAL NET ASSETS			<u>134</u>		<u>402</u>
CAPITAL AND RESERVES					
Share capital	16		-		176
Share premium reserve			450		450
Capital contribution reserve			500		-
Capital redemption reserve			50		50
Retained earnings			(866)		(274)
SHAREHOLDERS' FUNDS			<u>134</u>		<u>402</u>

The financial statements were approved by the Board of Directors on 26 September 2022 and were signed on its behalf by:



.....
A M D Stewart
Director

The notes on pages 13 to 29 form part of these financial statements.

Auroch Digital Limited

**Statement of Changes in Equity
for the period ended 31 December 2021**

	Share capital £000's	Share premium reserve £000's	Capital Contribution Reserve £000's	Capital redemption Reserve £000's	Retained earnings £000's	Total equity £000's
Balance at 1 April 2020	176	450	-	50	(164)	512
Changes in equity						
Total comprehensive income	-	-	-	-	49	49
Dividend	-	-	-	-	(159)	(159)
Balance at 31 March 2021	176	450	-	50	(274)	402
Adjustments to opening retained earnings	-	-	-	-	7	7
Revised Balance at 31 March 2021	176	450	-	50	(267)	409
Changes in equity						
Total comprehensive income	-	-	-	-	(719)	(719)
Transactions with owners:						
Preference shares redeemed	(56)	-	-	-	-	(56)
Preference shares written off	(120)	-	-	-	120	-
Capital contribution	-	-	500	-	-	500
Balance at 31 December 2021	-	450	500	50	(866)	134

The notes on pages 13 to 29 form part of these financial statements.

Auroch Digital Limited

Notes to the Financial Statements for the period ended 31 December 2021

1. GENERAL INFORMATION

Auroch Digital Limited is a limited liability company, limited by shares, incorporated and domiciled in England and Wales. Its registered office is located at 32 Jessops Riverside, Brightside Lane, Sheffield, United Kingdom, S9 2RX.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

For periods up to and including the year ended 31 March 2021, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). These financial statements for the period ended 31 December 2021 are the first the Company has prepared in accordance with FRS 101. The Company's deemed transition date to FRS 101 is 1 April 2020, being the first day of the earliest period presented in these financial statements. The principles and requirements for first time adoption of FRS 101 are set out in IFRS 1. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. Details of the transitional adjustments are set out in note 19. The Company has adopted the FRS 101 accounting principles on a consistent basis from the date of transition.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The results of the Company and its subsidiaries are included in the consolidated accounts of Sumo Group plc and the Company has therefore taken advantage of the exemption available under section 400 of the Companies Act 2006 and not prepared group accounts.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73€ of IAS 16 Property, Plant and Equipment; and
 - paragraph 118€ of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;

The following principal accounting policies have been applied:

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report.

At Balance sheet date, the Company had net assets of £134,000. The Company has obtained a letter of parental support and guarantees, which provide a safeguard to support the company's liquidity position until 26 September 2023. The directors therefore consider that the Company has adequate resources to continue in operation throughout the going concern assessment period to 26 September 2023.

Financial projections have been prepared at Sumo Group Limited (the "Group") to 30 September 2023 which show positive earnings and cash flow generation and project compliance with banking covenants at each testing date. The Group has applied downside sensitivities to these financial projections to assess the Group's ability to continue operating as a going concern. This process included a reverse 'stress test' to identify the break points in the Group's liquidity or banking covenants compliance. The break points identified in this exercise are considered to be unlikely scenarios as they are triggered only by a significant reduction in forecast revenue which is not contracted or near contracted, and do not consider any mitigating cost control measures which could be taken by the Group.

Auroch Digital Limited

Notes to the Financial Statements for the period ended 31 December 2021

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern assessment period to 26 September 2023 and they have adopted the going concern basis of accounting in preparing the financial statements.

Turnover and revenue recognition

Revenue arises from the provision of game development services. To determine whether to recognise revenue, the Company follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT and other sales related taxes. The company also derives revenue from Lending and Assignment of staff to other group companies.

Third party funded game development

There is generally one performance obligation with customers, being the development of a completed project or game and as such, the transaction price is allocated to the single distinct performance obligation. The transaction price is set out in the contract and is made up of fixed elements in the form of the development fee and guaranteed royalties and variable elements in the form of future royalties. At inception of each contract the Company begins by estimating the amount of the royalty to be received generally using the "expected value amount" approach. This amount is then included in the Company's estimate of the transaction price only to the extent that it is highly probable that a significant reversal of revenue will not occur once any uncertainty surrounding the royalty is resolved. In making this assessment, the Company considers the length of the royalty period, the extent of external factors including how the publisher brings the game to market, expected critic scores and other expected game launches. The highly probable nature of the variable consideration is reviewed for each game at each reporting cycle.

As the Company's development activity creates and enhances the game that the customer controls as the game is developed, revenue is recognised over time as the Company satisfies performance obligations by transferring the promised services to its customers in accordance with paragraph 35(b) of IFRS 15. The amount of revenue to recognise is determined based upon the input method that calculates actual costs incurred relative to the total budgeted costs for the project based upon a percentage of completion calculation.

Estimates of revenues, costs or the extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known.

Where the original contract is modified, for example for a change to the scope or price of the contract, the nature of modification is considered as to whether it gives rise to a performance obligation distinct from the promises in the original contract. In cases where the modification gives rise to a distinct performance obligation, the modification is treated as a new contract in its own right and the 5-step model considered for this new contract. Where it does not, the modification is accounted for as if it was part of the original contract.

The effect that the modifications have on the transaction price and the measure of progress towards the complete satisfaction of the performance obligation is recognised as an adjustment to revenue at the date of the contract modification. The adjustment to revenue is made on a cumulative catch-up basis.

The fixed elements of the transaction price are invoiced based upon a payment schedule. If the services rendered by the Company exceed the payments, a contract asset for amounts recoverable on contracts is recognised. If the payments exceed the services rendered, a contract liability representing advances for game development is recognised.

At 31 December 2021 there are no (2020: none) contracts that contain a financing component where the customer receives a benefit from the Company financing the transfer of services to the customer, generally over a period of time extending beyond 12 months. For arrangements with a significant financing component the transaction price is adjusted for both the length of time between when the Company delivers the services and when the customer pays for those services, and the effects of the time value of money using prevailing interest rates.

During the period the company received £6,000 (31 March 2021: 60,000) in non-repayable grant income that has been included within turnover. All connected costs have been fully incurred and are included in the income statement.

Auroch Digital Limited

Notes to the Financial Statements – continued for the period ended 31 December 2021

Foreign currency

Transactions in foreign currencies are translated into the Company's presentational currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Finance payments associated with financial liabilities are dealt with as part of finance expenses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Office & Computer Equipment	Over 3 years
Right of use assets	Over period of lease

It has been assumed that all assets will be used until the end of their economic life. Freehold land is not depreciated.

Intangible assets

Intangible fixed assets represent capitalized game development costs. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets and is presented within operating expenses. Intangible assets are amortised from the date they are available for use.

The estimated useful lives, are as follows:

Game development costs	75% in year 1 and 25% in year 2 following game release
------------------------	--

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment

The recoverable amount is only estimated when there is an indication that an impairment may have occurred. The recoverable amount is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Post-employment benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Auroch Digital Limited

Notes to the Financial Statements – continued for the period ended 31 December 2021

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the assets useful life or the end of the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease Liabilities

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

The Company presents right-of-use assets within property, plant and equipment.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or leases for assets with a value of less than £5,000. These lease payments are expensed on a straight-line basis over the lease term.

Note 15 provides a disclosure of the impact of IFRS 16.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill where the initial recognition exemption applies;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset in respect of tax losses is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Auroch Digital Limited

Notes to the Financial Statements – continued for the period ended 31 December 2021

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other Debtors

Trade and other debtors are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate. A loss allowance for expected credit losses is recognised based upon the lifetime expected credit losses. This assessment is performed on a collective basis considering forward-looking information.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity on a first in first out basis. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Amounts owed by group undertakings include balances owed by fellow members of Sumo Group plc group.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value recognised in the statement of comprehensive income.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

Amounts owed to group undertakings include balances owed by fellow members of Sumo Group plc group.

Creditors

Trade payables are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Retained earnings

Retained earnings includes all current and previous periods retained profits.

Direct costs

Included within direct costs are all costs in connection with the development of games, including an allocation of studio management costs.

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the preparation of the financial statements the Directors, in applying the accounting policies of the Company, make some judgements and estimates that effect the reported amounts in the financial statements.

The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements:

Revenue recognition

Development revenue recognized over time is determined based upon estimates on the overall contract margin and percentage of completion of the contract at each period end. These estimates are based on contract value, historical experience and forecasts of future outcomes. These include specific estimates in respect of contracts for which variations may be in the process of being negotiated, and so the contracts are accounted for on the basis of the best estimate of the revenue expected to be received on the contract, which are all expected to be resolved relatively shortly after the financial year end.

Video Games Tax Relief

The process of claiming Video Game Tax Relief requires estimates to be accrued at the period end. Whilst the Company undertakes a detailed exercise involving external professional support in calculating the accrual, these claims are subject to review and approval by HMRC prior to payment. A 31 December 21, £108,000 (31 March 2021: £47,000) of Video Game Tax Relief income has been recognized in respect of claims not yet reviewed and approved by HMRC.

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

4. TURNOVER

The turnover and profit before taxation are mostly attributable to the one principal activity of the Company. An analysis of turnover is given below:

	9 months ended 31 December 2021	Year ended 31 March 2021
	£'000	£'000
Video Game Development	880	688
Video Game Self-Publishing	228	141
Royalty income from 3rd party Publishers	82	209
Grant income	7	53
Other income	3	2
	<u>1,200</u>	<u>1,093</u>

An analysis of turnover by geographical market is given below:

	9 months ended 31 December 2021	Year ended 31 March 2021
	£'000	£'000
United Kingdom	738	640
Europe (excluding U.K)	20	261
North America	303	148
Asia	139	44
	<u>1,200</u>	<u>1,093</u>

5. OPERATING LOSS

Operating loss is stated after charging:

	9 months ended 31 December 2021	Year ended 31 March 2021 (Restated)
	£'000	£'000
Depreciation of tangible fixed assets	29	39
Amortisation of intangible assets	112	83

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

6. AUDITORS RENUMERATION

	9 months ended 31 December 2021	Year ended 31 March 2021
	£'000	£'000
Fees for audit of the Company	30	-
Fees for tax compliance services	-	-
	<u>30</u>	<u>-</u>

7. EMPLOYEES AND DIRECTORS

Staff costs, including directors' remuneration, were as follows:

	9 months ended 31 December 2021	Year ended 31 March 2021
	£'000	£'000
Wages and salaries	1,308	574
Social security	85	37
Cost of defined contribution scheme	42	18
	<u>1,435</u>	<u>629</u>

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

	2021	2020
	No.	No.
Development	40	25
Administration	8	4
	<u>48</u>	<u>29</u>

Directors' remuneration

The directors' remuneration for the period was as follows:

	9 months ended 31 December 2021	Year ended 31 March 2021
	£'000	£'000
Remuneration	28	99
Contribution to money purchase schemes	2	6
	<u>30</u>	<u>105</u>

Auroch Digital Limited

Notes to the Financial Statements – continued
for the period ended 31 December 2021

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	9 months ended 31 December 2021 £'000	Year ended 31 March 2021 (Restated) £'000
IFRS 16 Interest Expense	1	1
Other interest expense	-	2
Total	1	3

9. TAXATION

	9 months ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
UK Corporation tax		
Current tax charge for the period	(40)	55
Adjustments to prior period	-	-
Total Current Tax	(40)	55
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Effects of changes in tax rates	-	-
Total Deferred Tax	-	-
Tax on loss of ordinary activities	(40)	55

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

9. TAXATION - continued

Factors affecting the tax expense/(credit)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below

	9 months ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Loss before income tax	(679)	(6)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2021: 19%)	(129)	(1)
Effects of:		
Tax credits	87	55
Non Deductible expenses	2	10
Adjustment in respect of previous periods	-	-
Movement in deferred tax not recognised	-	(9)
	(40)	55

Factors that may affect future tax charges

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. On 11 May 2021, UK Budget increased the corporation tax rate from 19% to 25% effective from 2023.

Accordingly, these rates are applicable in the measurements of the deferred tax assets and liabilities at 31 December 2021.

Auroch Digital Limited

Notes to the Financial Statements – continued
for the period ended 31 December 2021

10. INTANGIBLE ASSETS

	Intellectual Property £000's	Game Development Costs £000's	Total £000's
Cost			
As at 1 April 2020	-	493	493
Additions	-	69	69
As at 31 March 2021	-	562	562
Additions	200	191	391
As at 31 December 2021	200	753	953
Amortisation			
As at 1 April 2020	-	330	330
Charge for the year	-	83	83
As at 31 March 2021	-	413	413
Charge for the period	-	112	112
As at 31 December 2021	-	525	525
Net Book Value			
As at 31 December 2021	200	228	428
As at 31 March 2021	-	149	149

Auroch Digital Limited

Notes to the Financial Statements – continued
for the period ended 31 December 2021

11. TANGIBLE FIXED ASSETS

	Office & Computer Equipment	Right of use assets (Restated)	Totals
	£000's	£000's	£000's
Cost			
As at 1 April 2020	49	-	49
Additions	14	93	107
As at 31 March 2021	63	93	156
Additions	92	-	92
As at 31 December 2021	155	93	248
Depreciation			
As at 1 April 2020	41	-	41
Charge for the year	10	29	39
As at 31 March 2021	51	29	80
Charge for the period	6	23	29
As at 31 December 2021	57	52	109
Net Book Value			
As at 31 December 2021	98	41	139
As at 31 March 2021	12	64	76

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 March 2021
	£000's	£000's
Trade Debtors	339	93
Other debtors	118	217
Corporation tax receivable	-	26
Amounts owed by group companies	68	-
Prepayments and accrued income	16	-
Contract assets	80	-
	621	336

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

13. CASH AT BANK

	31 December 2021	31 March 2021
	£000's	£000's
Cash at bank and in hand	68	60

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 March 2021 (Restated)
	£000's	£000's
Amounts owed to group companies	463	-
Bank loans and overdrafts	-	54
Trade creditors	406	25
Accruals and deferred income	122	42
Other tax and social security	43	34
Contract liabilities	42	-
Other provisions	11	-
Lease liabilities	24	30
	1,111	185

The above amounts are repayable on demand and are non-interest bearing.

The 'contract liabilities' represent customer payments received in advance of performance that are expected to be recognised as revenue in 2022. These amounts recognised will generally be utilised within the next reporting period.

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

15. IFRS 16 LEASE LIABILITY

The leases held by the Company relate to leased land and buildings, plant and machinery and motor vehicles, as set out below. There are no variable lease payments, extension or termination options or residual value guarantees and there are no leases not yet commenced to which the Company is committed.

Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

	31 December 2021	31 March 2021 (Restated)
	£000's	£000's
	£'000	£'000
Right of use assets		
Leased land and buildings	41	64

These are included within "property, plant and equipment" in the balance sheet.

	31 December 2021	31 March 2021 (Restated)
	£000's	£000's
Lease liability		
Current	24	30
Non-current	11	34
Amount repayable		
Within one year	24	30
In more than one year but less than two years	11	31
In more than two years but less than five years	-	3
In more than five years	-	-
	%	%
Average interest rates at the balance sheet rate		
Lease liability	2.5	2.5

Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	31 December 2021	31 March 2021 (Restated)
	£000's	£000's
Depreciation charge of right of use assets		
Leased land and buildings	23	29
Interest expense (included in finance costs)	1	1

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

16. SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class	Nominal value	31 December 2021	31 March 2021
			£000's	£000's
1 (2020: 1)	Preference	£1.00	-	-
Nil (2020: 176,365)	'A' Preference	£1.00	-	176
10,243 (2020: 10,243)	Ordinary	£0.01	-	-
			-	176

A Final Dividend of £nil (2021: £159,000) was paid in the period.

As at 31 March 2021, the Company had in issue 176,366 redeemable 'A' Preference Shares with a nominal value of £1 each. The Company was acquired by Sumo Group Limited (formerly Sumo Group plc) on 13th September 2021. Prior to the acquisition, 56,335 'A' Preference Shares were redeemed at nominal value via a payment to the 'A' Preference Shareholder. Upon the acquisition by Sumo Group Limited the Company cancelled the remaining 120,031 'A' Preference Shares.

17. RELATED PARTY TRANSACTIONS

Transactions with directors

The directors maintained a loan account with the company during part of the prior period. The balance owed to the Company as at 31 December 2021 was £nil (31 March 2021: £nil) and is no longer being used at the balance sheet date and beyond.

Rental costs of £8,000 (31 March 2021: £11,000) were paid to the directors during the period for the use of office space under a separate license agreement.

Directors' remuneration is disclosed in Note 7.

Transactions with other related parties

During the period the Company made payments to Bristol Games Hub Limited of £Nil (March 21: £2,000) for the sub-letting of business premises. Mr. T Rawlings, a director of the Company in the period, is also a Director and Shareholder of Bristol Games Hub. In addition, the Company made payments of £24,000 (March 2021: £32,000) to Prehistoric Properties Limited for the rental of business premises. Mrs D. Rawlings, a director of the Company in the period, was also a Director of Prehistoric Properties Limited.

18. CONTINGENT LIABILITIES

The Company is party to the Sumo Group Limited ("Sumo Group" or "The Group") £45m bank facility (£42m RCF; £3m overdraft). The Group had gross cash balances of £41.6m at 31 August 2022 after all drawdowns were fully repaid in July 2022. The facility has a maturity date of November 2023.

Yorkshire Bank holds a debenture giving a fixed and floating charge over the Company's assets as security for any borrowings held by the group of companies, headed by Sumo Group Limited, of which this Company is a member.

Auroch Digital Limited

**Notes to the Financial Statements – continued
for the period ended 31 December 2021**

19. TRANSITION TO FRS 101

From 1 April 2020 the Company has adopted International Financial Reporting Standards (IFRS) in the preparation of the Group Financial Statements. The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below. There were no other accounting policy changes other than the impact of the below items.

IFRS 16 – Leases

As explained in accounting policy 2 the Company has adopted IFRS 16. This has resulted in the recognition of a right of use asset and liability on the statement of financial position. The statement of comprehensive income has been adjusted to remove the rent expense and replace it with depreciation charged on the right of use asset and interest accrued on the right of use liability.

A reconciliation of the previously presented figures as at 31 March 2021 has been shown below:

	As previously presented	Adjustment	As now presented
	£'000	£'000	£'000
Tangible assets	12	64	76
Creditors: Amounts falling due within one year	(155)	(30)	(185)
Creditors: Amounts falling after more than one year	-	(34)	(34)
	As previously presented	Adjustment	As now presented
	£'000	£'000	£'000
Revenue	1,093	-	1,093
Cost of sales	(641)	-	(641)
Gross profit/loss	452	-	452
Administrative expenses	(456)	1	(455)
Operating Profit/Loss	(4)	1	(3)
Interest payable and similar expenses	(2)	(1)	(3)
Profit/Loss before taxation	(6)	-	(6)
Taxation	55	-	55
Profit/Loss for the year	49	-	49

No adjustment was made as at 1 April 2020 on the basis all leases were assessed as short-term.

Auroch Digital Limited

Notes to the Financial Statements – continued for the period ended 31 December 2021

20. CONTROLLING PARTY

The Company's immediate parent undertaking is Sumo Group Limited, a company incorporated in England and Wales.

Up until 17 January 2022, the ultimate parent undertaking and the largest and smallest group for which consolidated financial statements are prepared was Sumo Group Limited (formerly Sumo Group Plc).

Following 17 January 2022, the ultimate parent undertaking became Tencent Holdings Limited, through its indirect wholly owned subsidiary, Sixjoy Hong Kong Limited.

21. SUBSEQUENT EVENTS

On 17th January 2022, the ultimate parent undertaking (Sumo Group plc) was acquired by Tencent Holdings Limited, through its indirect wholly owned subsidiary, Sixjoy Hong Kong Limited ("Tencent"). This resulted in the delisting of Sumo Group plc's shares on the London Stock Exchange's Alternative Investment Market and, following the delisting, the Group changed its name to Sumo Group Limited.

Subsequent to period end, Russia invaded Ukraine and the conflict remains ongoing. To date, this has not had an impact on the operations or financial performance of the Company and no material financial impact is anticipated.