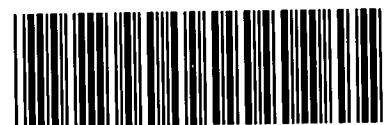


REGISTERED NUMBER: 11581914 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
SOFTOMOTIVE HOLDING LTD**

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SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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SOFTOMOTIVE HOLDING LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS:

Mr B O Orndorff
Mr K R Dolliver

REGISTERED OFFICE:

The Broadgate Tower Third Floor
20 Primrose Street
London
EC2A 2RS

REGISTERED NUMBER:

11581914 (England and Wales)

AUDITORS:

Deloitte LLP
Abbots House
Abbey Street
Reading
RG1 3BD

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Principal Activity

The principal activity of the company in the period under audit was that of a holding company for the Softomotive group of companies which provides software licensing, software as a service, and provision of professional services.

Microsoft Corporation, a Washington corporation ("Microsoft"), as the parent company of Softomotive Holding Ltd, have confirmed that it is the intention to cease trading in the company, and therefore the accounts have been prepared on a basis other than that of a going concern. Microsoft Corporation have expressed that they will guarantee the solvency of the company and its subsidiaries and provide them with sufficient financing resources until the businesses are wound up.

In addition, Microsoft Corporation is committed to providing the necessary level of financial support to the counterparties to the intra-group balances held by the company's such that any intercompany assets remain recoverable. Microsoft believes that it now has and will continue to have the financial resources to fulfil this commitment to the Companies.

Review of the business

The 2020 numbers have been restated to reflect several accounting adjustments. Refer to note 7 for the details of the restatements. The Directors do not review the company's performance in isolation but together with the results of the trading company.

In the year, the Company had a loss of £254,007 (2020: profit of £31,687,427). The 2021 loss is driven by operating expenses, which are not offset by any dividend income.

In the current year, the investment in subsidiaries has decreased due to an impairment of Softomotive Software Solutions Korea Limited, which was as result of the subsidiary ceasing to trade. The debtor balance has also decreased from £40,489,922 to £9,567,208 due to settlement of a dividend amounting to £30,500,000 to Microsoft Corporation.

The directors' intention is to dispose of the company's investments in subsidiaries and wind down the affairs of the company. There are no further developments noted during the year.

Key Performance Indicators

There are no key financial indicators identified for this Company as it is purely a Holding Company and directors' intention is to wind down the company following the disposal of investments in subsidiaries.

Principal risks and uncertainties

As a holding company, the principal risks and uncertainties to which the company is exposed are over the performance of its investments in subsidiaries. There are financial risks in the market, including currency and interest rate risk, credit risk, and liquidity risk. The overall risk management program is managed by the Board of Directors.

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Credit risk:

The company's principal financial assets are investments in subsidiaries and amount owed by group undertakings. The company has no significant concentration of credit risk.

The company has policies in place to ensure that transactions are entered into only with parties that are of acceptable credit quality.

Interest rate risk:

The company has low exposure to interest rate changes as it is charged on loans to/from related parties which is subject to change.

Liquidity risk:

There is a low liquidity risk as the company is no longer trading and requires minimal working capital.

Foreign Exchange risk:

The company holds intercompany balances in foreign currencies, therefore it is exposed to foreign exchange fluctuations on those balances. Foreign currency exposure is managed on a group basis by the ultimate holding company, "Microsoft Corporation".

There has been no direct impact on the company by the Russian invasion of Ukraine on 24 February 2022 or the COVID-19 pandemic outbreak in March 2020.

This report has been approved by the Board of Directors and authorised for issue on 8 November 2023 and were signed on its behalf by:

.....
Mr B O Orndorff - Director

Date: 8 November 2023

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

The directors recommend an interim dividend of £30,500,000 (2020: nil) to the shareholders of the company, which is adjusted against amounts owed from shareholders. The directors do not recommend the payment of final dividend (2020: nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mr B O Omdorff
Mr K R Dolliver

The Company has not made any qualifying third party provisions

GOING CONCERN

As noted in note 2 to the financial statements, the directors intend to dispose of the company's investments in Subsidiaries, and following disposal, the directors intend to wind down the affairs of the company. As a result, the directors have prepared the financial statements on a basis other than that of a going concern. No adjustments have arisen as a result of this basis of preparation.

Future Developments

The directors intend to dispose of the company's investments in Subsidiaries, and following disposal, the directors intend to wind down the affairs of the company. There are no further future developments.

Financial risk management

The information pertaining to financial risk management can be found in strategic report under Principal risks and uncertainties.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS' RESPONSIBILITIES STATEMENT

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies act 2006.

AUDITORS

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been approved by the Board of Directors and authorised for issue on 8 November 2023 and were signed on its behalf by:

.....
Mr B O Omdorff - Director

Date: 8 November 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOFTOMOTIVE HOLDING LTD

Opinion

In our opinion the financial statements of Softomotive Holdings Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise of the following:

- the income statement;
- the statement of other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 Financial reporting Council's (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– Financial statements prepared other than on going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. 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 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOFTOMOTIVE HOLDING LTD

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOFTOMOTIVE HOLDING LTD

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 directors' report for the financial year 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.

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 the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of following matters 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.

We have nothing to report in respect of these matters.

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 a Report of the Auditors 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.

Gavin Waters

Gavin Waters (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Reading
United Kingdom

Date: 08 November 2023

The notes form part of these financial statements

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £ (As restated)	£ (As restated)
TURNOVER			-		-
Administrative expenses			<u>260,698</u>		<u>(328,903)</u>
			(260,698)		328,903
Other operating income			<u>112</u>		<u>-</u>
OPERATING (LOSS)/PROFIT			(260,586)		328,903
Income from shares in group undertakings		-		31,127,532	
Interest receivable and similar income		<u>6,579</u>		<u>253,295</u>	
			<u>6,579</u>		<u>31,380,827</u>
(LOSS)/PROFIT BEFORE TAXATION	4		(254,007)		31,709,730
Tax on (loss)/profit	5		<u>-</u>		<u>22,303</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			<u>(254,007)</u>		<u>31,687,427</u>

The comparative figures and notes have been restated. Refer to note 7 for restatements.
The results from operations in current and prior period are from discontinued operations.

The notes form part of these financial statements

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
(LOSS)/PROFIT FOR THE YEAR		(254,007)	31,687,427
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(254,007)</u>	<u>31,687,427</u>

The notes form part of these financial statements

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021**

	Notes	2021 £	2020 £ (As restated)
FIXED ASSETS			
Investments	8	8,655,453	8,721,876
CURRENT ASSETS			
Debtors	9	9,567,208	40,489,922
CREDITORS			
Amounts falling due within one year	10	<u>2,419,440</u>	<u>2,508,776</u>
NET CURRENT ASSETS		<u>7,147,768</u>	<u>37,981,146</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,803,221	46,703,022
CREDITORS			
Amounts falling due after more than one year	11	<u>-</u>	<u>145,794</u>
NET ASSETS		<u>15,803,221</u>	<u>46,557,228</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,251	1,251
Share premium	14	15,344,897	15,344,897
Retained earnings	14	<u>457,073</u>	<u>31,211,080</u>
SHAREHOLDERS' FUNDS		<u>15,803,221</u>	<u>46,557,228</u>

The comparative figures and notes have been restated. Refer to note 7 for restatements.

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2022 and were signed on its behalf by:

.....
Mr B O Orndorff - Director

.....
Mr K R Dolliver - Director

The notes form part of these financial statements

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2020	1,251	(476,347)	15,344,897	14,869,801
Changes in equity				
Profit for the year	-	31,687,427	-	31,687,427
Total comprehensive income	-	31,687,427	-	31,687,427
Balance at 31 December 2020	1,251	31,211,080	15,344,897	46,557,228
Changes in equity				
Deficit for the year	-	(254,007)	-	(254,007)
Total comprehensive income	-	(254,007)	-	(254,007)
Dividends	-	(30,500,000)	-	(30,500,000)
Balance at 31 December 2021	1,251	457,073	15,344,897	15,803,221

The notes form part of these financial statements

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

Softomotive Holding Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number is 11581914 and the registered office is The Broadgate Tower Third Floor, 20 Primrose Street, London, United Kingdom, EC2A 2R. The company is inactive and operates as a holding company.

These financial statements are presenting in Pound Sterling (£) which is also the functional currency of the Company.

2. ACCOUNTING POLICIES

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) "Reduced Disclosure Framework" issued by the Financial Reporting Council. The Company meets this definition by being a member of a group where the parent of that group prepares publicly available consolidated financial statements (see note 16). The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 paragraphs 91 to 99 offer 13 Fair Value Measurement.
- The requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IFRS 7 Financial Instruments: Disclosures.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- the requirements of IAS 7 Statement of Cash Flows.

Where relevant equivalent disclosures have been given in the consolidated Financial Statements of the ultimate parent Company, Microsoft Corporation. These Financial Statements can be obtained from the address disclosed in note 16.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Microsoft Corporation. The group accounts of Microsoft Corporation are available to the public and can be obtained as set out in note 16.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party Without imposing additional restrictions.

Financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of that is not a market rate.

Debt instruments are subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expired.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the market rate.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, based on all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate and the exchange differences are included in the accounts.

Going concern

The directors have prepared the Annual Report and Financial statements on a basis other than going concern as the directors intend to dispose of the company's investments in subsidiaries, and following disposal, the directors intend to wind down the affairs of the company. Microsoft Corporation will guarantee the solvency of the company and provide it with sufficient financing resources until the business is wound up. The process will start once all the subsidiary companies have been removed from the holding company. No adjustments have arisen as a result of this basis of preparation.

Investment in subsidiary

Investments in subsidiaries are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Interest income

Interest income is recognised when it is probable that economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income is recognised when the right to receive payment is established.

New standards, amendments, IFRIC interpretations and new disclosures

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors do not consider that there were any significant judgements or estimates in applying accounting policies.

4. (LOSS)/PROFIT BEFORE TAXATION

The loss before taxation (2020 - profit before taxation) is stated after charging/(crediting):

	2021 £	2020 £
Foreign exchange differences	(1)	(543,511)
Audit fees	51,294	60,197
Legal and professional fees	-	650,182

5. TAXATION

Analysis of tax expense

	2021 £	2020 £
Current tax:		
Corporation tax	-	22,303
Total tax expense in income statement	-	22,303

Factors affecting the tax expense

The tax assessed for the year is higher (2020 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
(Loss)/profit before income tax	(254,007)	31,709,730
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(48,261)	6,024,849
Effects of:		
Director provision movement	-	(97,320)
Income from shares in group undertakings	-	(5,914,232)
Depreciation	12,620	-
Under provision of corporation tax	4,072	9,006
tax prior year		
Intercompany loan write off	22,120	-
Penalties	585	-
Unutilised tax losses	8,864	-
Tax expense	-	22,303

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. DIVIDENDS

	2021 £	2020 £
Ordinary 0.1p shares of 0.1p each		
Interim	<u>30,500,000</u>	<u>-</u>

7. PRIOR YEAR ADJUSTMENT

In preparing the financial statements for the year ended 31 December 2021, it was identified that £8,566,317 was mistakenly classified as Amounts owed by group undertaking instead of investment in subsidiaries as of 31 December 2020. The amount relates to money invested in a subsidiary, Softomotive Software Development Single Member Limited Liability Company. In restating the prior year comparatives, Amount owed by group undertakings has been decreased by £8,566,317 from £46,470,775 to £37,904,458 and investment have been increased by £8,566,317 from £155,559 to £8,721,876.

In preparing the financial statements for the year ended 31 December 2021, it was also identified that an amount owed to group undertakings of £2,584,534 was incorrectly netted off against other loans from group undertakings for the year ended 31 December 2020. In restating the prior year comparatives, Amounts owed by group undertakings has been increased by £2,584,534 from the above noted £37,904,458 to a final balance of £40,489,002, Creditors: Amounts falling due within one year have been increased by £2,439,670 from NIL to £2,439,670 and Creditors: Amounts falling due after more than one year have been increased by £145,794 from NIL to £145,794. There is no impact on the profit and loss for the year ended 31 December 2020.

8. INVESTMENTS

	Shares in group undertaking (As restated) £
COST	
At 1 January 2021 (As restated)	8,721,876
Impairments	<u>(66,423)</u>
At 31 December 2021	<u>8,655,453</u>
NET BOOK VALUE	
At 31 December 2021	<u>8,655,453</u>
At 31 December 2020	<u>8,721,876</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021****8. INVESTMENTS (continued)****SOFTOMOTIVE SOFTWARE SOLUTIONS KOREA LIMITED**

Registered office: 111, 18FL, 83 Eusadangdae-ro, Yeondeungpo-gu Seoul

Nature of business: Dormant company.

Class of shares:	%
Ordinary	holding 100.00

SOFTOMOTIVE SOFTWARE DEVELOPMENT SINGLE MEMBER LIMITED LIABILITY COMPANY

Registered office: 115 Kifisias Avenue Athens, Greece 115 24

Nature of business: Software licensing company.

Class of shares:	%
Subscription Shares	holding 100.00

The Net Book Value at 31 December 2020 and Cost at 1 January 2021 have been restated.

9. DEBTORS

	2021 £	2020 (As restated) £
Amounts falling due within one year:		
Called up share capital not paid	<u>10</u>	<u>10</u>
Amounts falling due within one year:		
Amounts owed by group undertakings (As restated)	<u>9,567,208</u>	<u>40,488,992</u>
Aggregate amounts	<u>9,567,208</u>	<u>40,489,002</u>

In the previous year interest has been charged on the intercompany loan with Softomotive US at a rate of 3.29% and converted to £96,678. In current year, £nil interest is charged as loan balance was settled.

In the previous year interest has been charged on the intercompany loan with Softomotive UK at a rate of 2.25% and is a total of £152,982. In current year, £nil interest is charged as loan balance was settled.

In the previous year interest has been charged on the intercompany loan with Softomotive India at a rate of 2.25% and converted to £1,573. In current year, £nil interest is charged as loan balance was settled.

In the previous year interest has been charged on the intercompany loan with Microsoft at a rate of 0.004% and converted to £1,661. In current year, £nil interest is charged as loan balance was settled.

Amount owed by group undertakings has been restated from £46,470,775 to £40,489,002. All intercompany receivables and payables are on demand.

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020 (As restated)
	£	£
Bank loans and overdrafts (see note 12)	-	111
Corporation tax	15,114	22,413
Accrued expenses	64,656	46,582
Amounts owed to group undertakings (As restated)	<u>2,339,670</u>	<u>2,439,670</u>
	<u>2,419,440</u>	<u>2,508,776</u>

Prior year adjustments to creditors: amounts falling due within one year explained in note 7.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020 (As restated)
	£	£
Amounts owed to group undertakings (As restated)	<u>-</u>	<u>145,794</u>

Prior year adjustments to creditors: amounts falling due after more than one year explained in note 7.

12. FINANCIAL LIABILITIES - BORROWINGS

	2021	2020
	£	£
Current:		
Bank overdrafts	<u>-</u>	<u>111</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued, and fully paid:				
Number:	Class:	Nominal value:	2021	2020
			£	£
312,500	Series A	0.1p	<u>313</u>	<u>313</u>
Allotted, issued, and fully paid:				
Number:	Class:	Nominal value:	2021	2020
			£	£
937,500	Ordinary	0.1p	<u>938</u>	<u>938</u>

There are 937,500 Ordinary shares and 312,500 shares marked as Series A shares granting adequate rights in dividend receipt and repayment of capital and represent one vote at the company's general meeting of shareholders.

SOFTOMOTIVE HOLDING LTD (REGISTERED NUMBER: 11581914)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	31,211,080	15,344,897	46,555,977
Deficit for the year	(254,007)	-	(254,007)
Dividends	<u>(30,500,000)</u>	<u>-</u>	<u>(30,500,000)</u>
At 31 December 2021	<u>457,073</u>	<u>15,344,897</u>	<u>15,801,970</u>

15. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events affecting the company since the year end.

16. ULTIMATE CONTROLLING PARTY

Microsoft Corporation, a company incorporated in the US, is the immediate and ultimate parent company for which there is no ultimate controlling party.

The Company is a member of a group that prepares publicly available consolidated financial statements. Microsoft Corporation is the parent of the only group in which results are consolidated. Consolidated financial statements of the ultimate parent Company in which the results of the Company are incorporated can be obtained from
<https://www.microsoft.com/investor/reports/ar22/index.html>

The registered office of Microsoft Corporation is One Microsoft Way, Redmond, Washington, United States, 98052-6399.