

DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2022

PALRINGO LIMITED

MENZIES

---

# PALRINGO LIMITED

---

## COMPANY INFORMATION

---

Directors	I Abou-Amarah S Dunford G Knight J Rosinski M Rosinski M Suri A Morrison (appointed 22 February 2022)
Company secretary	K Ellis
Registered number	05801490
Registered office	Future Innovation Centre Innovation Way Cramlington Newcastle Upon Tyne NE23 7FP
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 1st Floor Midas House 62 Goldsworth Road Woking Surrey GU21 6LQ

---

# PALRINGO LIMITED

---

## CONTENTS

---

	Page
Directors' Report	1 - 3
Independent Auditors' Report	4 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 24

---

# PALRINGO LIMITED

---

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

---

The Directors present their report and the financial statements for the year ended 31 August 2022.

### Directors

The Directors who served during the year were:

I Abou-Amarah  
S Dunford  
G Knight  
J Rosinski  
M Rosinski  
M Suri  
A Morrison (appointed 22 February 2022)

### Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

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

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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

---

# PALRINGO LIMITED

---

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

---

### Business review

WOLF focused on building foundations for future growth through financial year to 31 August 2022, whilst delivering strong revenue results in excess of £10m. The core business focus this year has been establishing a unique position as a metaverse / 3.0 offering within WOLF's core MENA market. The aggressive hiring of technical engineers, regional expertise and marketing spend saw increased costs contributing to a £194k loss for FY22.

Following the previous year's introduction of interactive virtual stages, WOLF has delivered new functionality to deliver a creator-led experience for interactive performances. FY22 included much R&D work on WOLF's virtual offering, ultimately leading to the official announcement of WOLF VR, a fully 3D VR offering that on full launch will provide a truly unique and exclusive performance experience for WOLF's creators and audiences.

WOLF's 3.0 offering including its VR app is a key strategic pillar for the business. While there was huge noise around 'the metaverse' in 2022, WOLF sees VR as one part of its offering rather than becoming a VR only experience. To this end, WOLF's creators, producers and audiences will be able to seamlessly enjoy the same events and performances regardless of their device – across mobile, browser and VR applications.

WOLF has continued increasing its offering of performers within its entertainment rooms through its WOLFstars programme; in excess of 500 Arabic performers are now officially part of the programme, delivering a breadth of content and helping to generate a thriving festival community supported by over 6000 shows every month, all supported and promoted by the creator portal built and deployed during FY22.

The creator experience will be enhanced further in the next year when WOLF DJ enjoys its full launch. Fully designed and engineered by WOLF through FY22, the DJ deck will give hosts and performers complete control of its shows with tools to maximise their creativity.

WOLF has welcomed over 2.8m audience members since launch, enjoying the mix of performance, entertainment and community. Whilst a positive reflection of the ability to acquire and entertain its users, the user growth has also highlighted a fundamental requirement for the app to change its group size and structure to enhance its long-term user retention.

The re-engineering of WOLF's 'Large Groups' technology has been a priority objective through FY22. Subsequently, the new user experience will be dramatically enhanced, as the current 2500 members per group limitation changes to a limitless number and allows WOLF's most popular 'channels' to hold ever larger events, build active, exciting like-minded communities and efficiently build and maintain its audiences.

WOLF's other ongoing development through FY22 was based around its regional offering, led by the growing regional management team based in Amman, Jordan. The regional team, headed up by WOLF's Chief Customer Officer now takes responsibility for all user facing operations and is supported by a growing team of support, community, marketing and product development resources.

FY23 promise to be another exciting journey for WOLF as it focuses on delivering its large channel offering and delivering consistent user growth to the business.

### Results and dividends

The loss for the year, after taxation, amounted to £194,010 (2021 - profit £1,278,300).

No Dividends (2021: £nil) were paid in the year.

### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

---

# PALRINGO LIMITED

---

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

---

**Post balance sheet events**

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

**Auditors**

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**Small companies note**

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

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

.....  
G Knight  
Director

Date: 25 May 2023

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALRINGO LIMITED**

---

**Opinion**

We have audited the financial statements of Palringo Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALRINGO LIMITED  
(CONTINUED)**

---

**Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



---

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALRINGO LIMITED (CONTINUED)

---

### 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the Companies Act 2006 was the most significant law and regulation the Company was subject to. We assessed the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK Employment Legislation
- UK Health and Safety Legislation; and
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgments made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - Posting of journals to the accounting software which are of a non-routine nature in terms of timing and amount;
  - Timing of revenue recognition; and
  - The use of management override of controls to manipulate results.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PALRINGO LIMITED  
(CONTINUED)**

---

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' 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.

Tom Woods ACA (Senior Statutory Auditor)

for and on behalf of

**Menzies LLP**

Chartered Accountants

Statutory Auditor

1st Floor

Midas House

62 Goldsworth Road

Woking

Surrey

GU21 6LQ

25 May 2023

# PALRINGO LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Turnover	4	10,041,911	10,387,290
Cost of sales		(1,574,836)	(1,463,063)
<b>Gross profit</b>		<b>8,467,075</b>	<b>8,924,227</b>
Administrative expenses		(8,870,515)	(7,639,812)
<b>Operating (loss)/profit</b>		<b>(403,440)</b>	<b>1,284,415</b>
Interest receivable and similar income		1,329	971
Interest payable and expenses		-	(382)
<b>(Loss)/profit before taxation</b>		<b>(402,111)</b>	<b>1,285,004</b>
Tax on (loss)/profit		208,101	(6,704)
<b>(Loss)/profit for the financial year</b>		<b>(194,010)</b>	<b>1,278,300</b>
Foreign exchange reserve movement		65,187	3,617
<b>Other comprehensive income for the year</b>		<b>65,187</b>	<b>3,617</b>
<b>Total comprehensive income for the year</b>		<b>(128,823)</b>	<b>1,281,917</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent Company		(194,010)	1,278,300
		<b>(194,010)</b>	<b>1,278,300</b>

The notes on pages 13 to 24 form part of these financial statements.

**PALRINGO LIMITED**  
**REGISTERED NUMBER:05801490**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	7	109,701	95,533
		<u>109,701</u>	<u>95,533</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	1,018,450	809,376
Cash at bank and in hand		4,266,199	4,947,432
		<u>5,284,649</u>	<u>5,756,808</u>
Creditors: amounts falling due within one year	10	(8,710,508)	(9,055,131)
<b>Net current liabilities</b>		<u>(3,425,859)</u>	<u>(3,298,323)</u>
<b>Total assets less current liabilities</b>		<u>(3,316,158)</u>	<u>(3,202,790)</u>
Creditors: amounts falling due after more than one year	11	(213,326)	(197,871)
<b>Provisions for liabilities</b>			
<b>Net liabilities</b>		<u>(3,529,484)</u>	<u>(3,400,661)</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,127	1,127
Share premium account	13	20,740	20,740
Foreign exchange reserve	13	10,942	(54,245)
Other reserves	13	(8,350)	(8,350)
Share based payment reserve	13	125,621	80,006
Profit and loss account	13	(3,679,564)	(3,439,939)
<b>Equity attributable to owners of the parent Company</b>		<u>(3,529,484)</u>	<u>(3,400,661)</u>
		<u>(3,529,484)</u>	<u>(3,400,661)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

.....  
**G Knight**  
Director

The notes on pages 13 to 24 form part of these financial statements.

**PALRINGO LIMITED**  
**REGISTERED NUMBER:05801490**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	7	67,251	61,922
Investments	8	1,117	1,117
		<u>68,368</u>	<u>63,039</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	1,032,256	813,367
Cash at bank and in hand		4,220,156	4,900,156
		<u>5,252,412</u>	<u>5,713,523</u>
Creditors: amounts falling due within one year	10	(8,699,591)	(9,008,653)
<b>Net current liabilities</b>		<u>(3,447,179)</u>	<u>(3,295,130)</u>
<b>Total assets less current liabilities</b>		<u>(3,378,811)</u>	<u>(3,232,091)</u>
Creditors: amounts falling due after more than one year	11	(213,326)	(197,871)
<b>Net liabilities</b>		<u><u>(3,592,137)</u></u>	<u><u>(3,429,962)</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1,127	1,127
Share premium account	13	20,740	20,740
Other reserves	13	(8,350)	(8,350)
Share based payment reserve	13	125,621	80,006
Profit and loss account brought forward		(3,523,485)	(4,660,629)
(Profit)/Loss for the year		(162,175)	1,217,150
Share based payment charge		<u>(45,615)</u>	<u>(80,006)</u>
Profit and loss account carried forward		<u><u>(3,731,275)</u></u>	<u><u>(3,523,485)</u></u>
		<u><u>(3,592,137)</u></u>	<u><u>(3,429,962)</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

.....  
**G Knight**  
 Director

The notes on pages 13 to 24 form part of these financial statements.

# PALRINGO LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital	Share premium account	Other reserves	Foreign exchange reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
<b>At 1 September 2020</b>	1,127	20,740	-	(57,862)	-	(4,638,233)	(4,674,228)
	-	-	-	-	-	1,278,300	1,278,300
Profit for the year							
	-	-	-	3,617	-	-	3,617
Foreign exchange movement							
	-	-	-	-	80,006	(80,006)	-
Share based payment movement							
	-	-	(8,350)	-	-	-	(8,350)
Other reserves movement							
	1,127	20,740	(8,350)	(54,245)	80,006	(3,439,939)	(3,400,661)
<b>At 1 September 2021</b>							
	-	-	-	-	-	(194,010)	(194,010)
Loss for the year							
	-	-	-	65,187	-	-	65,187
Foreign exchange movement							
	-	-	-	-	45,615	(45,615)	-
Share based payment movement							
	1,127	20,740	(8,350)	10,942	125,621	(3,679,564)	(3,529,484)
<b>At 31 August 2022</b>							

The notes on pages 13 to 24 form part of these financial statements.

# PALRINGO LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Called up share capital	Share premium account	Other reserves	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
<b>At 1 September 2020</b>	1,127	20,740	-	-	(4,660,629)	(4,638,762)
Profit for the year	-	-	-	-	1,217,150	1,217,150
Share based payment movement	-	-	-	80,006	(80,006)	-
<b>Contributions by and distributions to owners</b>						
Other reserves movement	-	-	(8,350)	-	-	(8,350)
<b>At 1 September 2021</b>	1,127	20,740	(8,350)	80,006	(3,523,485)	(3,429,962)
Loss for the year	-	-	-	-	(162,175)	(162,175)
Share based payment movement	-	-	-	45,615	(45,615)	-
<b>At 31 August 2022</b>	<u>1,127</u>	<u>20,740</u>	<u>(8,350)</u>	<u>125,621</u>	<u>(3,731,275)</u>	<u>(3,592,137)</u>

The notes on pages 13 to 24 form part of these financial statements.

---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 1. General information

Palringo Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The company's registered office is shown on the Company Information page, the principal place of business is the same as the registered office.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Palringo Limited is the smallest and largest company to consolidate the results of the group.

#### 2.3 Going concern

The financial statements have been prepared on a going concern basis as the directors consider that current trading indicates that further funding will not be required and assurances have been received from Series A Preferred shareholders that they will not call for redemption within twelve months from the date of signing these accounts.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 2. Accounting policies (continued)

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### 2.5 Turnover

Turnover represents the amounts derived from the provision of services which fall within the group's ordinary activities, all of which are continuing, stated net of value added tax.

Where users purchase virtual currency units in advance, the revenue is deferred until the currency is used to purchase a service. Where users purchase a service for a specific period of time, revenue is released evenly over the relevant period. Where a user purchases multiple bot subscriptions, these are capped at a 3 year period.

#### 2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

#### 2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 2. Accounting policies (continued)

#### 2.8 Current and deferred taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

#### 2.9 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Plant and machinery	-	33%	Straight line basis
Fixtures and fittings	-	33%	Straight line basis

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

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

#### 2.10 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 2. Accounting policies (continued)

#### 2.11 Financial instruments

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

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- The recoverability of debtor balances.
- The timing of revenue recognition, as described in note 2.5.

### 4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
Middle East and North Africa	8,945,674	9,378,334
Rest of the world	1,096,237	1,008,956
	<u>10,041,911</u>	<u>10,387,290</u>

---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 5. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>24,450</u>	<u>20,400</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
All other services	<u>2,825</u>	<u>2,525</u>
	<u>2,825</u>	<u>2,525</u>

### 6. Employees

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administrative	3	2	3	2
Development	48	36	33	34
Management	8	9	8	7
Marketing	3	11	3	4
	<u>62</u>	<u>58</u>	<u>47</u>	<u>47</u>

---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 7. Tangible fixed assets

#### Group

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 September 2021	497,077	112,730	609,807
Additions	49,703	24,163	73,866
Disposals	(274,416)	(94,636)	(369,052)
At 31 August 2022	272,364	42,257	314,621
<b>Depreciation</b>			
At 1 September 2021	403,495	110,779	514,274
Charge for the year on owned assets	46,148	8,922	55,070
Disposals	(269,788)	(94,636)	(364,424)
At 31 August 2022	179,855	25,065	204,920
<b>Net book value</b>			
At 31 August 2022	92,509	17,192	109,701
<b>At 31 August 2021</b>	93,582	1,951	95,533

---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 7. Tangible fixed assets (continued)

#### Company

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 September 2021	454,294	112,730	567,024
Additions	49,703	-	49,703
Disposals	(269,788)	(94,636)	(364,424)
At 31 August 2022	234,209	18,094	252,303
<b>Depreciation</b>			
At 1 September 2021	394,323	110,779	505,102
Charge for the year on owned assets	42,772	1,602	44,374
Disposals	(269,788)	(94,636)	(364,424)
At 31 August 2022	167,307	17,745	185,052
<b>Net book value</b>			
At 31 August 2022	66,902	349	67,251
<b>At 31 August 2021</b>	59,971	1,951	61,922

# PALRINGO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

### 8. Fixed asset investments

#### Company

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 September 2021	1,117
At 31 August 2022	<u>1,117</u>

#### Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Berange for Smart Apps	Jordan	Community support services	Ordinary	100 %

Palringo Finland Oy was dissolved during the year.

Berange for Smart Apps' registered address is Office #603, Al Hijaz Towers, Makkah Street, Amman, Jordan

### 9. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts owed by group undertakings	-	-	24,896	18,210
Other debtors	507,602	623,899	507,601	623,868
Prepayments and accrued income	305,650	185,477	294,561	171,289
Tax recoverable	205,198	-	205,198	-
	<u>1,018,450</u>	<u>809,376</u>	<u>1,032,256</u>	<u>813,367</u>

# PALRINGO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

### 10. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Redemption premium on Series A Preferred shares	2,494,702	2,494,702	2,494,702	2,494,702
Share premium treated as debt	4,985,268	4,985,268	4,985,268	4,985,268
Share capital treated as debt	4,141	4,141	4,141	4,141
Trade creditors	181,282	183,480	181,282	191,705
Corporation tax	-	2,740	-	-
Other taxation and social security	94,098	119,537	93,493	115,803
Other creditors	18,311	14,986	18,311	14,987
Accruals and deferred income	932,706	1,250,277	922,394	1,202,047
	<u>8,710,508</u>	<u>9,055,131</u>	<u>8,699,591</u>	<u>9,008,653</u>

Subsequent to the year end, the Directors received assurances from Series A Preferred shareholders that they will not call for redemption for at least 12 months from the date the accounts are signed. Please see note 12 for further detail.

### 11. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accruals and deferred income	213,326	197,871	213,326	197,871
	<u>213,326</u>	<u>197,871</u>	<u>213,326</u>	<u>197,871</u>

### 12. Called up share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
10,867 (2021 - 10,867) Ordinary shares of £0.01 each shares of £0.01 each	109	109
101,846 (2021 - 101,846) B Ordinary shares of £0.01 each shares of £0.01 each	1,018	1,018
	<u>1,127</u>	<u>1,127</u>



---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 12. Called up share capital (continued)

Each Series A Preferred shareholder is entitled at any time to convert all or any of its Series A Preferred shares into fully paid new Ordinary shares at the conversion price calculated.

The company shall immediately prior to a Qualified Public Offering Date pursuant to the closing of an underwritten Qualified Public Offering or at election at any time of the holders or more than 70% of the Series A Preferred shares then in issue, convert all of the Series A Preferred shares into fully paid Ordinary shares at the conversion price, calculated as specified in the company's Articles of Association.

On or after 31 December 2013 ("Redemption date") the holders of not less than 70% of the Series A Preferred shares may require the company, by notice in writing, to redeem any outstanding Series A Preferred shares at an amount equal to one and a half times the subscription price (plus any declared but unpaid dividends). Subsequent to the year end, in excess of 30% of the shareholders indicated that they will not call for redemption for at least 12 months from the date the accounts are signed. As this confirmation was received subsequent to the year end, the shares held as debt are included within creditors falling due within one year (note 10).

### 13. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Share premium accounts - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange reserve - comprises translation differences arising from the translation of financial statements of the group's foreign entities into Sterling (£).

Profit and loss account - includes all current and prior period retained profits and losses.

Share based payment reserve - includes all current and prior period movements on share based payment transactions.

Other reserve - The other reserve arises on consolidation of the company's employee benefit trust which holds shares in the company.

# PALRINGO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

### 14. Share based payments

The options are granted over Ordinary shares of the company. Of the total options, 136,992 have fully vested and the remaining options vest over a 2 to 3 year period or in the event of a sale, will vest immediately.

On exercise, the options must be paid in cash and there is no performance criteria attached to these options.

	Weighted average exercise price 2022	Number 2022	Weighted average exercise price 2021	Number 2021
Outstanding at the beginning of the year	0.77	208,821	0.87	91,482
Granted during the year		-	0.76	117,339
Lapsed during the year	0.77	(3,642)		-
<b>Outstanding at the end of the year</b>	<b>0.77</b>	<b>205,179</b>	<b>0.77</b>	<b>208,821</b>

  

	2022	2021
Option pricing model used	<b>Black Scholes</b>	<i>Black Scholes</i>
Weighted average share price	0.77	0.77
Exercise price	1.39	1.39
Weighted average contractual life (years)	3	3
Expected volatility	105%	105%
Risk-free interest rate	0.46%	0.46%

### 15. Commitments under operating leases

At 31 August 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	39,465	25,047	39,465	25,047
	<b>39,465</b>	<b>25,047</b>	<b>39,465</b>	<b>25,047</b>

---

# PALRINGO LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

---

### 16. Related party transactions

During the year the company acquired services from J R Dynamics Limited, a company in which M Rosinski and J Rosinski are directors and shareholders, amounting to £82,202 (2021: £78,307). In addition to this £7,597 (2021: £8,287) was paid to J R Dynamics Limited in respect of directors services for J Rosinski. The amount due to J R Dynamics Limited at 31 August 2022 was £8,327 (2021: £7,846).

The company also acquired services from Most Associates Limited, a company in which S Dunsford is director and shareholder, amounting to £29,920 (2021: £7,200). The amount due to Most Associates Limited at 31 August 2022 was £1,800 (2021: £nil).

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