

Company registration number 07304156 (England and Wales)

TURBONOMIC (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

TURBONOMIC (UK) LIMITED

COMPANY INFORMATION

Director E Binboga (Appointed 31 March 2022)

Secretary A Sullivan

Company number 07304156

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

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

TURBONOMIC (UK) LIMITED

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TURBONOMIC (UK) LIMITED

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

The director presents her annual report and financial statements for the period ended 31 December 2022.

Principal activities

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

Results and dividends

The results for the period are set out on page 7.

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

Cessation of trade following transfer of trade and assets

On 27 June 2022 the Company was acquired by IBM United Kingdom Limited, subsequently on 1 July 2022 the trade and net assets at their net book value were transferred to IBM United Kingdom Limited as part of a group restructure, following the company's acquisition by IBM in the previous year. The company has now ceased to trade and it is the intention of the directors to dissolve the company.

The accounts have therefore been prepared on a basis other than going concern.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

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

Qualifying third party indemnity provisions

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

Auditor

In accordance with the company's articles, a resolution proposing that Mercer & Hole LLP be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic Report

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

TURBONOMIC (UK) LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

On behalf of the board

E Binboga

Director

25 September 2023

TURBONOMIC (UK) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2022

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

TURBONOMIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF TURBONOMIC (UK) LIMITED

Opinion

We have audited the financial statements of Turbonomic (UK) Limited (the 'company') for the period ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit 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.

Emphasis of matter - Non-going concern basis of accounting

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

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

TURBONOMIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TURBONOMIC (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Audit procedures performed by the engagement team included:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions.

TURBONOMIC (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TURBONOMIC (UK) LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Mark Cassidy FCA
Senior Statutory Auditor
For and on behalf of Mercer & Hole LLP

25 September 2023

Chartered Accountants
Statutory Auditor

Trinity Court
Church Street
Rickmansworth
WD3 1RT

TURBONOMIC (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2022

		Period ended 31 December 2022 £	Year ended 31 January 2022 £
Turnover	3	3,728,554	8,483,353
Cost of sales		(2,922,670)	(6,732,284)
Gross profit		805,884	1,751,069
Administrative expenses		(778,906)	(1,291,250)
Operating profit	4	26,978	459,819
Interest receivable and similar income	6	1,994	-
Profit before taxation		28,972	459,819
Tax on profit	7	-	-
Profit for the financial period		28,972	459,819

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

		2022		2022	
	Notes	£	£	£	£
Current assets					
Debtors	8	2,298,253		2,827,397	
Tangible assets	9	-		53,457	
Cash at bank and in hand		-		988,801	
		<u>2,298,253</u>		<u>3,869,655</u>	
Creditors: amounts falling due within one year	10	-		(1,765,894)	
		<u>-</u>		<u>(1,765,894)</u>	
Net current assets			<u>2,298,253</u>		<u>2,103,761</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Profit and loss reserves			<u>2,297,253</u>		<u>2,102,761</u>
Total equity			<u>2,298,253</u>		<u>2,103,761</u>

The financial statements were approved by the board of directors and authorised for issue on 25 September 2023 and are signed on its behalf by:

E Binboga
Director

Company Registration No. 07304156

TURBONOMIC (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 February 2021	1,000	163,206	1,479,736	1,643,942
Period ended 31 January 2022:				
Profit and total comprehensive income for the period	-	-	459,819	459,819
Transfer to profit and loss reserves	-	(163,206)	163,206	-
Balance at 31 January 2022	1,000	-	2,102,761	2,103,761
Period ended 31 December 2022:				
Profit and total comprehensive income for the period	-	-	28,972	28,972
Other movements	-	165,520	-	165,520
Transfer to profit and loss reserves	-	(165,520)	165,520	-
Balance at 31 December 2022	1,000	-	2,297,253	2,298,253

TURBONOMIC (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2022

		2022		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	17				
			(997,022)		912,505
Income taxes refunded/(paid)			6,227		(60,360)
Net cash (outflow)/inflow from operating activities			(990,795)		852,145
Investing activities					
Purchase of tangible fixed assets		-		(42,904)	
Interest received		1,994		-	
Net cash generated from/(used in) investing activities			1,994		(42,904)
Net (decrease)/increase in cash and cash equivalents			(988,801)		809,241
Cash and cash equivalents at beginning of period			988,801		179,560
Cash and cash equivalents at end of period			-		988,801

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

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

1.1 Reporting period

During the prior period the entity changed their reporting date to 31 December to be coterminous with the group's reporting date. Thus, the comparative amounts presented in the financial statements are not directly comparable to the current year results.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

1.3 Going concern

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

1.4 Turnover

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.5 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.6 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors, amounts due from connected companies and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

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

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. Historically, accounting estimates have not had a material impact on the company's financial statements.

Critical judgements

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

Recoverability of amounts due from group companies

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

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

3 Turnover and other revenue

	2022	2022
	£	£
Turnover analysed by class of business		
Recharge to Turbonomic Inc	3,280,318	8,078,517
Recharge to Software Labs Campus Unlimited Company	448,236	404,836
	<u>3,728,554</u>	<u>8,483,353</u>
	2022	2022
	£	£
Other revenue		
Interest income	1,994	-
	<u>1,994</u>	<u>-</u>

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

4 Operating profit

	2022	2022
	£	£
Operating profit for the period is stated after charging/(crediting):		
Exchange gains	(2,227)	(6,492)
Fees payable to the company's auditor for the audit of the company's financial statements	7,000	14,000
Depreciation	13,873	75,156
Share-based payments	165,520	-
Operating lease charges	52,409	114,443
	<u>183,575</u>	<u>96,107</u>

5 Employees

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

	2022	2022
	Number	Number
	13	25
	<u>13</u>	<u>25</u>

Their aggregate remuneration comprised:

	2022	2022
	£	£
Wages and salaries	2,749,261	5,966,706
Social security costs	279,605	632,658
Pension costs	59,324	132,920
	<u>3,088,190</u>	<u>6,732,284</u>

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

6 Interest receivable and similar income

	2022	2022
	£	£
Interest income		
Interest on bank deposits	1,994	-
	<u>1,994</u>	<u>-</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	1,994	-
	<u>1,994</u>	<u>-</u>

7 Taxation

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2022	2022
	£	£
Profit before taxation	28,972	459,819
	<u>28,972</u>	<u>459,819</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	5,505	87,366
Tax effect of expenses that are not deductible in determining taxable profit	36,892	4,618
Change in unrecognised deferred tax assets	-	16,637
Effect of change in corporation tax rate	-	(10,132)
Other permanent differences	(42,397)	(96,044)
Capital allowances	-	(2,445)
	<u>-</u>	<u>-</u>
Taxation charge for the period	-	-
	<u>-</u>	<u>-</u>

8 Debtors

	2022	2022
	£	£
Amounts falling due within one year:		
Corporation tax recoverable	-	6,227
Other debtors	2,298,253	2,803,770
Prepayments and accrued income	-	17,400
	<u>2,298,253</u>	<u>2,827,397</u>
	<u>2,298,253</u>	<u>2,827,397</u>

TURBONOMIC (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2022****9 Tangible assets - current**

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

As stated in note 1.2, it is the intention of the directors to liquidate the company and therefore all fixed assets were reclassified as current assets in the prior year and subsequently transferred to a fellow group company at net book value.

10 Creditors: amounts falling due within one year

	2022	2022
	£	£
Trade creditors	-	154,563
Taxation and social security	-	919,538
Accruals and deferred income	-	691,793
	<u> </u>	<u> </u>
	-	1,765,894
	<u> </u>	<u> </u>

11 Retirement benefit schemes

	2022	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	59,324	132,920
	<u> </u>	<u> </u>

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

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

12 Share-based payment transactions

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

The options vest over the following periods:

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

	Number of share options		Weighted average exercise price	
	31 December 2022	31 January 2022	31 December 2022	31 January 2022
	Number	Number	\$	\$
Outstanding at the beginning of the year	-	343,217	-	1.61
Forfeited	-	(7,913)	-	1.61
Settled in cash	-	(151,111)	-	1.61
Rolled over to new scheme	-	(181,567)	-	1.61
Exercised	-	(2,626)	-	1.43
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at the end of the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at the end of the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

This affected 181,567 options, which now have an average exercise price of \$29.33. This represents an increase in fair value on amendment to the scheme and a charge of £77,907 (Year ended January 2022 - £87,613) has been calculated in relation to these options.

During the period, the company recognised total share-based payment expenses of £165,520 (2022 - £-) which related to equity settled share based payment transactions, being the combined charge for the year to January 2022 and the period to December 2022.

13 Share capital

	2022	2022	2022	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

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

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

	2022	2022
	£	£
Within one year	-	213,354

All existing operating leases were transferred when the trade and assets of the business were transferred.

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

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

Turbonomic Inc.

During the year Turbonomic (UK) Limited achieved sales of £3,280,318, arising from recharged costs of £3,124,112 at a markup of 5%, to fellow group company Turbonomic Inc.

The amount due from Turbonomic Inc at the period end was £nil.

Software Labs Campus Unlimited Company

During the year Turbonomic UK Limited achieved sales of £448,237, arising from recharged costs of £416,965 at a markup of 7.5%, to fellow group company Software Labs Campus Unlimited Company.

The amount due from Software Labs Campus Unlimited Company at the period end was £nil.

16 Ultimate controlling party

The company's immediate parent undertaking is IBM United Kingdom Limited, which is incorporated in England and Wales.

The company's ultimate parent undertaking and controlling party is IBM Corporation which is incorporated in the United States of America and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of this undertaking may be obtained from IBM Headquarters, New Orchard Road, Armonk, New York 10504.

TURBONOMIC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

17 Cash (absorbed by)/generated from operations

	2022	2022
	£	£
Profit for the period after tax	28,972	459,819
Adjustments for:		
Investment income	(1,994)	-
Depreciation and impairment of tangible fixed assets	13,873	75,156
Equity settled share based payment expense	165,520	-
Movements in working capital:		
Decrease in stocks	39,584	-
Decrease/(increase) in debtors	522,917	(720,982)
(Decrease)/increase in creditors	(1,765,894)	1,098,512
Cash (absorbed by)/generated from operations	(997,022)	912,505

18 Analysis of changes in net funds

	1 February 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	988,801	(988,801)	-

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