

INATECH EUROPE LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022

INATECH EUROPE LIMITED
REGISTERED NUMBER: 04487373

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022	As restated
			\$	2021
				\$
Fixed assets				
Intangible assets	4		88,812	119,323
Tangible assets	5		4,812	6,311
			<hr/>	<hr/>
			93,624	125,634
Current assets				
Debtors: amounts falling due within one year	6	3,039,219	1,515,111	
Cash at bank and in hand	7	382,606	212,470	
		<hr/>	<hr/>	
		3,421,825	1,727,581	
Creditors: amounts falling due within one year	8	(32,580,252)	(29,791,410)	
		<hr/>	<hr/>	
Net current liabilities			(29,158,427)	(28,063,829)
			<hr/>	<hr/>
Total assets less current liabilities			(29,064,803)	(27,938,195)
			<hr/>	<hr/>
Net liabilities			(29,064,803)	(27,938,195)
			<hr/>	<hr/>
Capital and reserves				
Called up share capital			181,588	181,588
Other reserves			535,855	535,855
Profit and loss account			(29,782,246)	(28,655,638)
			<hr/>	<hr/>
			(29,064,803)	(27,938,195)
			<hr/>	<hr/>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with 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 by:

P Cusk
Director

Date: 13 June 2024

The notes on pages 3 to 10 form part of these financial statements.

INATECH EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$	Other reserves \$	Profit and loss account \$	Total equity \$
At 1 January 2021	181,588	535,855	(24,045,795)	(23,328,352)
Loss for the year	-	-	(4,609,843)	(4,609,843)
At 1 January 2022	181,588	535,855	(28,655,638)	(27,938,195)
Loss for the year	-	-	(1,126,608)	(1,126,608)
At 31 December 2022	<u>181,588</u>	<u>535,855</u>	<u>(29,782,246)</u>	<u>(29,064,803)</u>

The notes on pages 3 to 10 form part of these financial statements.

INATECH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Inatech Europe Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is 3 Shortlands, Hammersmith, London, W6 8DA.

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 Section 1A of 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 management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The Company has continued to make a loss in the current period, due to ongoing product development in line with their growth strategy. This loss is significantly lower than in the prior year due to operational efficiencies achieved under new management and with the move to Valsoft leadership. These improvements continue after the year end and the Company makes an EBITDA of \$2,172,579 as per the management accounts for the year ended 31 December 2023.

Valsoft Corporation Inc. has agreed to support the Company, and has demonstrated their willingness by providing adequate cash funding. The Directors consider that Valsoft Corporation Inc, has sufficient capacity to continue to provide this funding, if required. The Directors are not aware of any reason why any further required short term funding would be withheld. As a result the Company has adopted the going concern basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

The Company generates revenue from sale of its software products and also from software maintenance contracts. The Company follows the below revenue recognition policy:

Revenue from sale of software products

a) Implementation price:

Implementation price of the contract is recognized as revenue based on the percentage of completion method which represents the most appropriate pattern in which economic benefits under the contract flow to the Company. Percentage of completion is computed as the percentage which the cost incurred till date bears to the total cost of completing the implementation of the project. This is a significant change in revenue recognition process as in the previous standards, revenue was recognised based on achievement of performance milestones provided in the contract.

b) Subscription price:

Subscription price is recognized on straight line basis over the subscription period. The subscription period is determined with reference to the terms mentioned in the contract which may be from the go-live date of the project or from the beginning of project discovery.

c) Customisation revenue:

Any significant customization required by customers after project go live is negotiated as a separate contract which has a fixed determinable price. The Company recognises customisation revenue on percentage of completion basis.

Revenue from software maintenance contracts

Revenue from maintenance contracts are recognized on straight line basis over the period of the maintenance contract as these contracts do not have any defined performance obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Trademarks	-	20	years
Software License	-	5	years

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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.

The estimated useful lives range as follows:

Office equipment	- 4 Years
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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 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Employees

The average monthly number of employees, including directors, during the year was 5 (2021 - 6).

INATECH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Intangible assets

	Trademarks	Computer software	Total
	\$	\$	\$
Cost			
At 1 January 2022	131,706	194,598	326,304
Additions	-	1,818	1,818
Disposals	(2,283)	-	(2,283)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	129,423	196,416	325,839
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 January 2022	48,129	158,852	206,981
Charge for the year	7,104	22,942	30,046
	<hr/>	<hr/>	<hr/>
At 31 December 2022	55,233	181,794	237,027
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2022	<u>74,190</u>	<u>14,622</u>	<u>88,812</u>
At 31 December 2021	<u>83,577</u>	<u>35,746</u>	<u>119,323</u>

INATECH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Leasehold building	Office equipment	Total
	\$	\$	\$
Cost or valuation			
At 1 January 2022 (as previously stated)	539,932	50,156	590,088
Prior Year Adjustment	<u>(539,932)</u>	<u>-</u>	<u>(539,932)</u>
At 1 January 2022 (as restated)	-	50,156	50,156
Additions	-	2,857	2,857
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2022	<u>-</u>	<u>53,013</u>	<u>53,013</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 January 2022 (as previously stated)	441,367	43,845	485,212
Prior Year Adjustment	<u>(441,367)</u>	<u>-</u>	<u>(441,367)</u>
At 1 January 2022 (as restated)	-	43,845	43,845
Charge for the year	-	4,356	4,356
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2022	<u>-</u>	<u>48,201</u>	<u>48,201</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2022	<u>-</u>	<u>4,812</u>	<u>4,812</u>
At 31 December 2021 (as restated)	<u>-</u>	<u>6,311</u>	<u>6,311</u>

6. Debtors

	2022	2021
	\$	\$
Trade debtors	1,500,755	727,112
Other debtors	190,140	125,602
Prepayments and accrued income	1,348,324	662,397
	<u>3,039,219</u>	<u>1,515,111</u>

7. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	<u>382,606</u>	<u>212,470</u>

INATECH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Creditors: Amounts falling due within one year

	2022	As restated 2021
	\$	\$
Trade creditors	15,133	100,777
Amounts owed to group undertakings	30,548,843	28,170,555
Other taxation and social security	58,118	150,879
Other creditors	228,697	6,255
Accruals and deferred income	1,729,461	1,362,944
	<u>32,580,252</u>	<u>29,791,410</u>

9. Share capital

	2022	2021
	\$	\$
Allotted, called up and fully paid		
181,588 (2021 - 181,588) Ordinary shares shares of £1.00 each	<u>181,588</u>	<u>181,588</u>

10. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £82,959 (2021: £87,696). At the year end, outstanding contributions totalled £9,992 (2021: £5,938).

11. Related party transactions

The company has taken advantage of the exemption under FRS 102 not to disclose related party transactions with wholly owned group companies.

12. Controlling party

The immediate parent undertaking is Inatech Holdings Pte Ltd, a company incorporated in Singapore.

The ultimate parent undertaking is Valsoft Corporation Inc, a company incorporated in Canada. The smallest and largest group to prepare consolidated financial statements is that of Valsoft Corporation Inc.

13. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

INATECH EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 14 June 2024 by Jonathan Baillie BA (Hons) ACA FCCA (Senior Statutory Auditor) on behalf of James Cowper Kreston Audit.

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.