

Registered number:04212878

CREATIVITY SOFTWARE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CREATIVITY SOFTWARE LIMITED

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CREATIVITY SOFTWARE LIMITED

COMPANY INFORMATION

Directors

K Bhatia
J Su

Registered number

04212878

Registered office

River Reach
31-35 High Street
Kingston Upon Thames
Surrey
KT1 1LF

Independent auditor

Blick Rothenberg Audit LLP
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

CREATIVITY SOFTWARE LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2023**

	Note	2023 £	As restated 2022 £
Fixed assets			
Intangible fixed assets	4	36,057	97,869
Tangible fixed assets	5	10,634	11,294
Investments	6	-	354
		<u>46,691</u>	<u>109,517</u>
Current assets			
Debtors: amounts falling due within one year	7	1,230,252	1,900,476
Cash at bank and in hand		1,302,119	517,653
		<u>2,532,371</u>	<u>2,418,129</u>
Creditors: amounts falling due within one year	8	(2,347,795)	(4,016,953)
Net current assets/(liabilities)		<u>184,576</u>	<u>(1,598,824)</u>
Total assets less current liabilities		<u>231,267</u>	<u>(1,489,307)</u>
Provisions for liabilities			
Dilapidation provisions	9	(21,963)	(21,963)
Net assets/(liabilities)		<u><u>209,304</u></u>	<u><u>(1,511,270)</u></u>

CREATIVITY SOFTWARE LIMITED**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023**

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	10	418	418
Share premium account		4,394,976	4,394,976
Profit and loss account		(4,186,090)	(5,906,664)
Total equity		209,304	(1,511,270)

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 profit and loss account 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:

J Su
Director

Date: 13 August 2024

The notes on pages 5 to 16 form part of these financial statements.

CREATIVITY SOFTWARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022 (as previously stated)	418	4,394,976	(4,112,769)	282,625
Prior year adjustment (Note 14)	-	-	(588,094)	(588,094)
At 1 April 2022	418	4,394,976	(4,700,863)	(305,469)
Comprehensive income for the period				
Loss for the 9 month period	-	-	(1,205,801)	(1,205,801)
At 31 December 2022	418	4,394,976	(5,906,664)	(1,511,270)
Comprehensive income for the year				
Profit for the financial year	-	-	1,720,574	1,720,574
At 31 December 2023	418	4,394,976	(4,186,090)	209,304

The notes on pages 5 to 16 form part of these financial statements.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

Creativity Software Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is River Reach, 31-35 High Street, Kingston Upon Thames, Surrey, KT1 1LF.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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 company changed its accounting reference date to 31 December in the prior period to coincide with the rest of the group. The comparatives are for a 9 month period ended 31 December 2022 and are not entirely comparable for the year ended 31 December 2023.

The following principal accounting policies have been applied.

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. The company has received a letter of financial support from its parent undertaking, SS8 Networks Inc. The directors have made enquiries as to the financial position and performance of its parent company. As disclosed in the parent company's most recent consolidated financial statements, the parent company has a solvent balance sheet and has sufficient cash reserves to finance the subsidiary if required.

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

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The company has the following income streams which are recognised on the following basis:

- Software product and licence fee revenue - income is recognised upon customer acceptance of completion of transfer of the software product.
- Installation service revenue - income is recognised at the point of installation.
- Maintenance and support revenue - the revenue is recognised ratably over the period of the maintenance contract.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the profit and loss account over its useful economic life.

Other 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:

Development expenditure	-	3	years
Goodwill	-	5	years

2.5 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.

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:

Office equipment	- 5 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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.7 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

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

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

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

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

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

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

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 and financial liabilities

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

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

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.8 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Share capital

Ordinary shares are classified as equity.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.10 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.

2.11 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.12 Interest income

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

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.14 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.

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.

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CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.18 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

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.

All foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 16 (2022 - 18).

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. Intangible assets

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 January 2023 and 31 December 2023	3,475,962	309,059	3,785,021
Amortisation			
At 1 January 2023	3,475,962	211,190	3,687,152
Charge for the year	-	61,812	61,812
At 31 December 2023	<u>3,475,962</u>	<u>273,002</u>	<u>3,748,964</u>
Net book value			
At 31 December 2023	<u>-</u>	<u>36,057</u>	<u>36,057</u>
At 31 December 2022	<u>-</u>	<u>97,869</u>	<u>97,869</u>

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 January 2023	47,188	57,666	104,854
Additions	-	11,687	11,687
At 31 December 2023	<u>47,188</u>	<u>69,353</u>	<u>116,541</u>
Depreciation			
At 1 January 2023	47,188	46,372	93,560
Charge for the year	-	12,347	12,347
At 31 December 2023	<u>47,188</u>	<u>58,719</u>	<u>105,907</u>
Net book value			
At 31 December 2023	<u>-</u>	<u>10,634</u>	<u>10,634</u>
At 31 December 2022	<u>-</u>	<u>11,294</u>	<u>11,294</u>

6. Fixed asset investments

	Investment in subsidiary company £
Cost	
At 1 January 2023	354
On disposal of subsidiary	(354)
At 31 December 2023	<u>-</u>

The company previously owned 100% holding of the ordinary share capital of Furechant Limited, a dormant company incorporated in Ireland. The company was struck off the register in 2023.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

7. Debtors

	2023 £	2022 £
Trade debtors	809,973	1,692,466
Amounts owed by group undertakings	132,465	-
Other debtors	249,560	41,768
Prepayments and accrued income	38,254	100,312
Tax recoverable	-	65,930
	<u>1,230,252</u>	<u>1,900,476</u>

8. Creditors: Amounts falling due within one year

	2023 £	As restated 2022 £
Trade creditors	86,318	126,874
Amounts owed to group undertakings	-	1,937
Other taxation and social security	-	164,460
Other creditors	1,505,772	84,090
Accruals and deferred income	755,705	3,639,592
	<u>2,347,795</u>	<u>4,016,953</u>

9. Provisions

	Dilapidations provision £
At 1 January 2023	21,963
At 31 December 2023	<u>21,963</u>

The dilapidations provision represents the directors' assessment of the value of dilapidations work which the company is legally obliged to perform under the rental agreement on its premises. The provision has not been discounted since the effect of discounting is not material

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

10. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
41,764 (2022 - 41,764) Ordinary Shares shares of £0.01 each	<u>418</u>	<u>418</u>

11. Commitments under operating leases

At 31 December 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	53,560	26,500
Later than 1 year and not later than 5 years	23,332	-
	<u>76,892</u>	<u>26,500</u>

12. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

13. Parent undertaking

The smallest group for which consolidated financial statements are drawn up is headed by SS8 Networks, Inc. whose registered office is 750 Tasman Drive, Milpitas California 95035, United States.

14. Prior period adjustment

A prior period adjustment has been recognised as a result of the change in the company's revenue recognition accounting policy. An adjustment has been made to correct the recognition of revenue and the corresponding deferred revenue in the year ended 31 March 2022.

The effect of the adjustment on the year ended 31 March 2022 is to increase deferred revenue by £588,094 and reduce turnover by £588,094. The impact on net assets as at 31 December 2022 is a decrease of £588,094. Of the £588,094 adjustment to revenue, £193,094 of revenue was correctly recognised in the period ended 31 December 2022 and £395,000 of revenue has been correctly recognised in the year ended 31 December 2023. The prior year adjustment recognised is to remove the revenue from the year ended 31 March 2022 which has been recognised in subsequent periods.

The effect of the adjustment on the period ended 31 December 2022 is to increase deferred revenue by £588,094 and reduce net assets by £588,094.

CREATIVITY SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2023 was unqualified.

The audit report was signed on 13 August 2024 by Andrew Sanford (senior statutory auditor) on behalf of Blick Rothenberg Audit LLP.

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.