

Company registration number 12914233 (England and Wales)

DIGITAL FUTURES GROUP LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

DIGITAL FUTURES GROUP LTD

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DIGITAL FUTURES GROUP LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Non-current assets					
Intangible assets	3		889,067		746,776
Property, plant and equipment	4		6,670		5,918
			<u>895,737</u>		<u>752,694</u>
Current assets					
Trade and other receivables	5	889,133		78,446	
Cash and cash equivalents		<u>1,055,726</u>		<u>2,846,103</u>	
		1,944,859		2,924,549	
Current liabilities	6	<u>(514,098)</u>		<u>(340,201)</u>	
Net current assets			<u>1,430,761</u>		<u>2,584,348</u>
Total assets less current liabilities			2,326,498		3,337,042
Non-current liabilities	7		<u>(3,886,365)</u>		<u>(3,647,344)</u>
Net liabilities			<u>(1,559,867)</u>		<u>(310,302)</u>
Equity					
Called up share capital	9		20		20
Capital contribution			1,163,219		1,402,240
Retained earnings			<u>(2,723,106)</u>		<u>(1,712,562)</u>
Total equity			<u>(1,559,867)</u>		<u>(310,302)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 1 June 2023 and are signed on its behalf by:

S Benisty
Director

Company Registration No. 12914233

DIGITAL FUTURES GROUP LTD

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

	Share capital	Capital contribution	Retained earnings	Total
Notes	£	£	£	£
Balance at 30 September 2020	-	-	-	-
Period ended 31 December 2021:				
Loss and total comprehensive income for the period	-	-	(1,712,562)	(1,712,562)
Issue of share capital	9	20	-	20
Contribution in the period		-	1,402,240	1,402,240
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	20	1,402,240	(1,712,562)	(310,302)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(1,249,565)	(1,249,565)
Reserves transfer	-	(239,021)	239,021	-
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	20	1,163,219	(2,723,106)	(1,559,867)
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DIGITAL FUTURES GROUP LTD

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

1 Accounting policies

Company information

Digital Futures Group Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 128 City Road, London, EC1V 2NX.

1.1 Reporting period

The current year figures are presented for the twelve-month year ended 31 December 2022. The prior year figures are presented for the fifteen-month period from incorporation on 30 September 2020 to 31 December 2021 and therefore are not entirely comparable.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Going concern

The Company continues to make significant progress in all areas of its operations to ensure it is in a position to scale and deliver on the promises to clients and our engineers. New client acquisition and current client penetration continues to drive forward demand.

The Company continues to invest in internal headcount by employing new cohorts to meet demand. The Company is projecting a profit for the year ended 31 December 2023.

Notwithstanding the loss in the year, the company is in a net current asset position at the end of the period and as per note 7 the shareholders have also confirmed that they will not seek repayment of the amounts due if it will prevent the company from meeting liabilities as they fall due for a period of more than 12 months from approval of the financial statements. So at the time of approving these financial statements the directors have a reasonable expectation that adequate resources exist to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting when preparing the financial statements.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue arising from temporary placements is recognised over the period that temporary staff are provided. Revenue arising from the placement of permanent candidates is recognised in the month the candidate commences full time employment.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.6 Intangible fixed assets other than goodwill

In accordance with FRS 102, costs of designing and producing prototype software for specific projects up to the stage of commercial application are capitalised. The resultant fixed asset is amortised over its estimated useful life in proportion to the projected income from the licensing of the software at the below rates. Research expenditure is written off against profits in the year in which it is incurred.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Development costs	25% straight line
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1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Computers	25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

1.8 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents 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. Bank overdrafts are shown within borrowings in current liabilities.

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position 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.

Basic financial assets

Basic financial assets, which include trade and other receivables 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 the statement of income, 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 the statement of income.

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 the statement of income.

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.

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables and loans from related parties, 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Loans which are basic financial instruments are initially recorded at fair value net of transaction costs incurred and are measured subsequently at amortised cost using the effective interest method. The fair value of loans that do not bear a market rate of interest is determined as the present value of future payments discounted at a market rate of interest for a similar loan. Loans that are payable within one year are not discounted.

Derecognition of financial liabilities

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

1.11 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. Capital contribution comprises the discounted portion of the loans from related parties.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.14 Retirement benefits

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

1.15 Share-based payments

The company has granted share options to certain employees.

The fair value of equity-settled share based payments to employees is determined at the date of grant and is accounted for on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 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.

1.17 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 Employees

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

	2022 Number	2021 Number
Total	85	30

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3	Intangible fixed assets		Development costs
			£
	Cost		
	At 1 January 2022		796,561
	Additions		394,563
			1,191,124
	At 31 December 2022		1,191,124
	Amortisation and impairment		
	At 1 January 2022		49,785
	Amortisation charged for the year		252,272
			302,057
	At 31 December 2022		302,057
	Carrying amount		
	At 31 December 2022		889,067
			746,776
	At 31 December 2021		746,776
4	Property, plant and equipment		Computers
			£
	Cost		
	At 1 January 2022		7,348
	Additions		2,766
			10,114
	At 31 December 2022		10,114
	Depreciation and impairment		
	At 1 January 2022		1,430
	Depreciation charged in the year		2,014
			3,444
	At 31 December 2022		3,444
	Carrying amount		
	At 31 December 2022		6,670
			5,918
	At 31 December 2021		5,918
5	Trade and other receivables		
		2022	2021
	Amounts falling due within one year:	£	£
	Trade receivables	646,278	47,700
	Other receivables	242,855	30,746
		889,133	78,446
		889,133	78,446

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6	Current liabilities	2022	2021
		£	£
	Trade payables	35,456	38,841
	Taxation and social security	283,477	59,041
	Other payables	195,165	242,319
		<u>514,098</u>	<u>340,201</u>
		<u><u>514,098</u></u>	<u><u>340,201</u></u>
7	Non-current liabilities	2022	2021
		£	£
	Other payables	3,886,365	3,647,344
		<u>3,886,365</u>	<u>3,647,344</u>
		<u><u>3,886,365</u></u>	<u><u>3,647,344</u></u>

Included in the above is a loan from the director and shareholder, S Vincent, of £659,584 (2021: £659,584) that is unsecured and interest free. The company considers that this is a long term loan and consequently has taken advantage of the exemption in FRS 102 section 11.13A to account for this loan at transaction price. The director has confirmed he will not seek repayment of the amount due if it will prevent the company from meeting its liabilities as they fall due for a period of at least 12 months from approval of these financial statements.

Included in the above is an amount of £2,205,090 (2021 - £2,041,749) due to a shareholder, S Mulryan. The loan has a face value of £3,000,000 and is unsecured and interest free. It is repayable upon an exit event or earlier at the discretion of the board. The company has presented this loan at the present value of future payments discounted at a market rate of interest for a similar debt interest in accordance with FRS 102 Section 11.13. The effective interest rate is considered to be 8% and the repayment term to be 5 years. This shareholder has confirmed he will not seek repayment of the amount due if it will prevent the company from meeting its liabilities as they fall due for a period of at least 12 months from approval of these financial statements.

Also included in other payables is a loan of £1,021,691 (2021 - £946,011) due to a shareholder, Renown Capital Limited. The loan has a face value of £1,390,000 and is unsecured and interest free. The company has presented this loan at the present value of future payments discounted at a market rate of interest for a similar debt interest in accordance with FRS 102 Section 11.13. The effective interest rate is considered to be 8% and the repayment term to be 5 years. Renown Capital Limited has confirmed it will not seek repayment of the amount due if it will prevent the company from meeting its liabilities as they fall due for a period of at least 12 months from approval of these financial statements.

DIGITAL FUTURES GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Equity settled share-based payment transactions

The company granted options during the year to certain employees to subscribe for ordinary shares in the company under the terms of an approved Enterprise Management Incentive Scheme. In the absence of observable market prices and market data, share options granted were valued at the fair value on the grant date using the Black Scholes valuation model. The share options were shown to have no value under this model and consequently no share based payment charge has been recognised in respect of these options.

The options vest immediately and may only be exercised on takeover or exit event of the company.

There were no share options in the prior year. During the current year 32,250 options were granted and 2,500 were forfeited, leaving 29,750 outstanding and exercisable at 31 December 2022. The weighted average exercise price of the shares granted, forfeited, and outstanding at year end was £0.0001. As at 31 December 2022 the options had a remaining contractual life of 9 years 2 months.

9 Called up share capital

	2022	2021	2022	2021
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary A class shares of 0.0001p each	200,000	200,000	20	20

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor: Jeremy Asher FCA
Statutory Auditor: Wilson Wright LLP

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022	2021
	£	£
Total	30,579	54,530

12 Events after the reporting date

Subsequent to the year end, the company granted options over 2,750 B Ordinary shares of £0.0001 each under an EMI scheme.

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.