

MPSI Systems Limited

**Annual report and financial
statements for the 18-month period
ended 31 December 2020**

Registered number 01458176



Directors' report

The Directors present their report and financial statements for the 18-month period ending 31 December 2020.

Principal activities

The principal activity of the Company continued to be consultancy services and marketing decision support systems.

Change in accounting reference date

The Company changed its accounting reference date from 30 June to 31 December. Accordingly, these financial statements cover the 18-month accounting period to 31 December 2020 and the prior period was the year ended 30 June 2019.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the period and up to the date of this report were as follows:

O D Shaw	(appointed 22 March 2021)
R S Laker	(appointed 23 July 2021)
J Maslen	(appointed 26 May 2020, resigned 22 March 2021)
M Hawtin	(resigned 26 May 2020)
S Bacon	(resigned 26 May 2020)

Going concern

The directors have prepared the financial statements of the Company on the going concern basis, subject to the various considerations set out in Note 1.2 to the financial statements on page 13.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

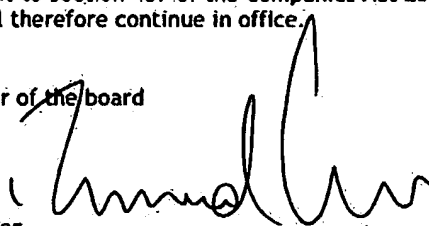
Strategic report

The company has met the requirements in the Companies Act 2006 to obtain the exemption provided; based on its size, from the presentation of a strategic report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


R S Laker
Director
31 January 2022

Statement of Director's responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures discussed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of MPSI Systems Limited

Opinion

We have audited the financial statements of MPSI Systems Limited ("the company") for the period ended 31 December 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101, Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We draw attention to Note 1 to the financial statements, which notes the possibility that that the Group's (of which MPSI Systems Limited is a member) shareholders may consider the future sale of the Group within the going concern period and that the outcome of such a transaction may have an impact on the future financing conditions and structure of the Group and its ability to continue to provide support to MPSI Systems Limited. These events and conditions, along with the other matters explained in Note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in [the strategic report and] the directors' report;
- in our opinion the information given in [those reports]/[that report] for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of MPSI Systems Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
31 January 2022

Profit and loss account and other comprehensive income
for 18 month period ended 31 December 2020

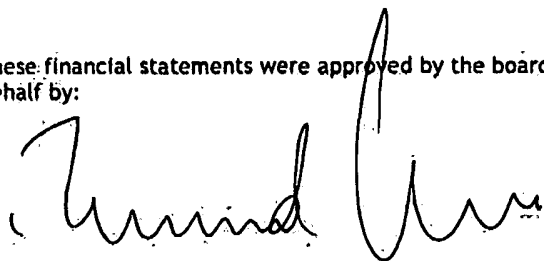
	Note	18 month period ended 31 December 2020 £	Year ended 30 June 2019 £
Turnover	2	84,790	109,277
Cost of sales		-	-
Gross profit		84,790	109,277
Administrative expenses		(77,382)	(99,433)
Operating profit	3	7,408	9,844
Interest receivable and similar income		2	1
Profit before taxation		7,410	9,845
Taxation	6	-	-
Profit for the financial period/year		7,410	9,845
Other comprehensive income		-	-
Total comprehensive income for the period/year		7,410	9,845

The notes on pages 8 to 14 form part of these financial statements.

Balance sheet
at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	-	-
Current assets			
Debtors	8	3,769,737	3,684,946
Cash at bank and in hand		1,759	2,087
		<u>3,771,496</u>	<u>3,687,033</u>
Creditors: Amounts falling due within one year	9	(1,429,580)	(1,352,527)
Net current assets		<u>2,341,916</u>	<u>2,334,506</u>
Total assets less current liabilities		2,341,916	2,334,506
Net assets		2,341,916	2,334,506
Capital and reserves			
Called up share capital	10	4,311,973	4,311,973
Profit and loss account		(1,970,057)	(1,977,467)
Shareholders' funds		<u>2,341,916</u>	<u>2,334,506</u>

These financial statements were approved by the board of directors on 31 January 2022 and were signed on its behalf by:



R S Laker
Director

Company registered number: 01458176

The notes on pages 8 to 14 form part of these financial statements.

Statement of changes in equity
for 18 month period ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 July 2018	4,311,973	(1,987,312)	2,324,661
Total comprehensive income for the year		9,845	9,845
Profit for the financial year			
Balance at 30 June 2019	4,311,973	(1,977,467)	2,334,506
Total comprehensive income for the period		7,410	7,410
Profit for the financial year			
Balance at 31 December 2020	4,311,973	(1,970,057)	2,341,916

The notes on pages 8 to 14 form part of these financial statements.

Notes to the accounts

1 Accounting policies

Basis of preparation

MPSI Systems Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 01458176 and the registered address is 196 Deansgate, Manchester, M3 3WF.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Kalibrate Acquisition Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Kalibrate Acquisition Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 25 Savile Row, London, United Kingdom, W1S 2ER.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- Comparative period reconciliations for share capital, and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company is part of the larger Kalibrate group and, as noted above, has an ultimate parent company, Kalibrate Acquisition Limited. The company relies upon the wider Group for its ongoing funding and the directors have obtained confirmation from its parent company that it is the intention of Kalibrate Acquisition Limited to continue to provide this support in the short to medium term, as explained further below.

The directors are aware that the directors of Kalibrate Acquisition Limited have prepared cash flow forecasts for a period through to 31 March 2023 which indicate that, taking account of reasonably possible downsides, the Group (of which MPSI Systems Limited is a member) will have sufficient funds, through its cash and bank facilities, to meet its liabilities as they fall due for that period. Accordingly, these financial statements are prepared on a going concern basis.

Subsequent to the period end, the Group has received an investment (through a combination of equity share capital and zero-coupon loan notes) of \$13.6m from its ultimate controlling party.

Notes to the accounts (continued)

1 Accounting policies (continued)

Going concern (continued)

The directors note that the Group made a loss before taxation of \$17.7m in the 18-month period ended 31 December 2020. However, this was after charging non-cash amortisation of intangible assets and depreciation of tangible assets, totalling \$15.4m, and charging non-cash financing charges of \$3.4m in respect of zero-coupon loan notes. Excluding these non-cash items, the Group made a proforma cash profit before taxation of \$1.1m in the period.

The directors also note that the consolidated balance sheet shows net liabilities of \$3.4m as at 31 December 2020. The Group and the Company have been owned by a private equity investor since 2017. As is typical with such an investor, its investment is via combination of share capital and loan notes. The loan notes do not bear any cash interest, are zero-coupon and are not due for repayment until 2027. The carrying value of the loan notes as at 31 December 2020 was \$28.9m. Excluding that liability, the consolidated balance sheet had net assets of \$25.5m.

As noted above, the Group has been owned by a private equity investor since 2017. During that period of ownership, the Group has delivered a significant increase in both revenue and pre-exceptional EBITDA, which are amongst the key performance indicators that the directors of the Group and ultimate parent company use to measure the performance of the business.

Given the significant, successful growth of the business since 2017 and the length of time that it has been owned by its current investor, the directors are mindful of the fact that the Group's owner may consider the sale of the business in the short to medium term.

In preparing the financial statements, as required by accounting standards the directors have considered the range of reasonably possible outcomes, in the event that the owner of the Group did decide to sell the business within 12 months of the date of approval of these accounts. It is not possible to predict, with any degree of certainty, whether the business might be sold or, even if it was, what the intentions of any buyer might be.

Therefore, whilst the directors expect the business to continue to trade in its current form, there is no certainty over the intentions of a potential future shareholder. After having taken appropriate advice, the directors consider that these circumstances regarding the potential future sale of the business indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise their assets and discharge their liabilities in the normal course of business, should such a sale take place.

The Company is dependent on fellow group companies not seeking repayment of the amounts currently due, which at 31 December 2020 amounted to c. \$1.4m and Kalibrate Acquisition Limited providing additional financial support during that period. Kalibrate Acquisition Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it will ensure fellow group companies do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. However, the intention of Kalibrate Acquisition Limited to continue to provide this support could change, should the shareholders of that company decide to sell the business, as explained above.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes to the accounts (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Non-derivative financial instruments

Non-derivative financial instruments comprise of trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Fixtures, fittings and equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Turnover

The company performs services on behalf of other group entities which include revenues from network planning contracts for which the duration is more than six weeks are recognised based on milestones completed. All other revenue from network planning contracts is recognised upon completion of the contracted service. Revenues from maintenance and support services are recognised over the period that the services are provided on a straight-line basis. Payments received in advance of services performed are recorded as deferred income and vice versa.

Revenues from royalty arrangements are recognised only once the actual revenue to be recognised is ascertained.

Revenue is recognised through intercompany accounts when work is performed on behalf of other group entities.

Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets are only recognised when there is certainty of generating future taxable profits against which the temporary difference can be utilised.

Notes to the accounts (continued)

1 Accounting policies (continued)

Estimates and judgements

Estimates and judgements are continually evaluated and are based upon historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by their nature, seldom equal the eventual results. In the opinion of the directors, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

2 Turnover

	18 month period ended 31 December 2020	Year ended 30 June 2019
	£	£
Rendering of services	84,790	109,277
Total turnover	84,790	109,277

	18 month period ended 31 December 2020	Year ended 30 June 2019
	£	£
By activity		
Professional services	84,790	109,277
	84,790	109,277
By geographical market		
North America	84,790	109,277
	84,790	109,277

3 Operating profit

Included in operating profit are the following:

	18 month period ended 31 December 2020	Year ended 30 June 2019
	£	£
Amounts receivable by the company's auditor in respect of: Audit of the statutory financial statements	6,000	5,500

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Kalibrate Acquisition Limited.

The audit fees for the Company were borne by Kalibrate Technologies Limited, an intermediate parent company of the Company.

Notes to the accounts (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	18 month period ended 31 December 2020	Year ended 30 June 2019
Management	-	2
Professional services	1	2
	<u>1</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	18 month period ended 31 December 2020 £	Year ended 30 June 2019 £
Wages and salaries	77,470	93,349
Social security costs	8,194	4,552
Pension costs	4,137	-
	<u>89,801</u>	<u>97,901</u>

5 Directors' remuneration

Directors' emoluments are paid for by ultimate parent company Kalibrate Acquisition Limited and the Company incurs no costs for their qualifying services as directors of this company. Accordingly, directors' remuneration in the Company is £nil (2019: £nil)

6 Taxation

There is no income tax recognised in other comprehensive income in the period (2019: £nil).

Reconciliation of effective tax rate

	18 month period ended 31 December 2020 £	Year ended 30 June 2019 £
Profit for the period	7,410	9,845
Tax using the UK corporation tax rate of 19% (2019: 19%)	1,408	1,871
Utilisation of previously unrecognised tax losses	(1,408)	(1,871)
Total tax expense	<u>-</u>	<u>-</u>

The company has estimated losses of £2,239,502 (2019: £2,246,912) available for carry forward against future trading profits. The company also has estimated capital losses of £12,488 (2019: £12,488) available for carry forward against future capital gains.

No deferred tax asset has been recognised due to the uncertainty of generating future taxable profits.

Tax losses of £7,410 (2019: £9,845) were utilised in the period.

Notes to the accounts (continued)

7 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
Balance at 31 December 2020 and 20 June 2019	<u>16,974</u>
Depreciation and impairment	
Balance at 31 December 2020 and 30 June 2019	<u>16,974</u>
Net book value	
At 31 December 2020 and 30 June 2019	<u>-</u>

8 Debtors

	2020 £	2019 £
Amounts due from group undertakings	<u>3,769,737</u>	<u>3,684,946</u>
Due within one year	<u>3,769,737</u>	<u>3,684,946</u>

Amounts due from group undertakings are interest free and payable upon demand.

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	<u>1,429,580</u>	<u>1,339,777</u>
Other creditors	<u>-</u>	<u>12,750</u>
	<u>1,429,580</u>	<u>1,352,527</u>

Amounts owed to group undertakings are payable are interest free upon demand.

10 Capital and reserves

Share capital

	Shares	£
On issue at 1 July 2019 and 31 December 2020	<u>4,311,973</u>	<u>4,311,973</u>
	2020 £	2019 £
Allotted, called up and fully paid	<u>4,311,973</u>	<u>4,311,973</u>
4,311,973 (2019: 4,311,973) Ordinary shares of £1 each	<u>4,311,973</u>	<u>4,311,973</u>
Shares classified in shareholders' funds	<u>4,311,973</u>	<u>4,311,973</u>

Notes to the accounts *(continued)*

11 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Kalibrate Acquisition Limited, which is the parent company and is incorporated in the United Kingdom.

Kalibrate Acquisition Limited is a subsidiary undertaking of Hanover Active Equity Fund LP, which is incorporated in the Cayman Islands, and is controlled by its parent and its connected parties. The largest group in which the results of the Company are consolidated is that headed by Kalibrate Acquisition Limited, 25 Savile Row, London, W1S 2ER. The consolidated financial statements of Kalibrate Acquisition Limited are available to the public and may be obtained from 25 Savile Row, London, United Kingdom, W1S 2ER.