

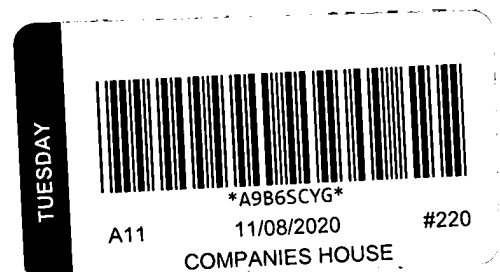
## Cluster Seven Services Limited

Financial Statements

Year Ended

31 December 2019

Company Number 05030975



# **Cluster Seven Services Limited**

**Financial statements  
for the year ended 31 December 2019**

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## **Directors**

M Williams  
M Delgado

## **Registered office**

27-32 Old Jewry, 1<sup>st</sup> floor, London, EC2R 8DQ

## **Company number**

05030975 (England and Wales)

## **Auditors**

Crowe U.K. LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

# Cluster Seven Services Limited

## Balance sheet at 31 December 2019

<b>Company number 05030975</b>	<b>Note</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>As restated</b>	<b>As restated</b>
				<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	4		56,764		23,076
<b>Current assets</b>					
Debtors	5	406,724		312,629	
Cash at bank and in hand		371,363		1,051,653	
		<u>778,087</u>		<u>1,364,282</u>	
<b>Creditors: amounts falling due within one year</b>	6	(4,457,880)		(4,871,215)	
<b>Net current liabilities</b>			(3,679,793)		(3,506,933)
<b>Creditors: amounts falling due after more than one year</b>	7		(25,367)		-
<b>Net liabilities</b>			<u>(3,648,396)</u>		<u>(3,483,857)</u>
<b>Capital and reserves</b>					
Called up share capital	9		1		1
Share premium account			293,525		293,525
Profit and loss account			(3,941,922)		(3,777,383)
<b>Shareholders' deficit</b>			<u>(3,648,396)</u>		<u>(3,483,857)</u>

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 FRS102 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 and directors' report 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 6 August 2020.

  
M Delgado  
Director

The notes on pages 2 to 8 form part of these financial statements.

# Cluster Seven Services Limited

## Notes forming part of the financial statements for the year ended 31 December 2019

### 1 Accounting policies

Cluster Seven Services Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK. The Company Number is 05030975 and registered office address is 27-32 Old Jewry, 1<sup>st</sup> Floor, London, EC2R 8DQ.

The financial statements were prepared in accordance with FRS 102 Section 1A Small Entities on the historical cost basis. The functional currency of the company and presentation currency of these financial statements is Pound Sterling. All amounts in the financial statements have been rounded to the nearest £1.

During the year ended 31 December 2019, the Company has updated the following accounting policies:

**Turnover:** Annual licenses: Following a re-assessment of the nature of such licenses and the underlying obligations, the accounting policy for such licenses has been updated, such that the revenues arising are credited to the profit and loss account over the 12 months of the license period. Previously, where an annual agreement includes maintenance obligations, the revenues were split according to the respective fair value of the services performed with revenue being recognised in line with the respective policies for licences and maintenance. As this is a change in accounting policy for such licenses, the comparative numbers have been restated where appropriate to reflect the prior year adjustment.

Balances as at 31 December 2018 have been restated to reflect a change in the revenue recognition policy for annual licences as under Turnover: Annual licenses. This change in accounting policy has been made as the directors believe this most accurately reflects the substance of the transactions. Refer to note 13 in respect of the impact implementing this policy has had on the Statement of income and retained earnings for the year ended 31 December 2019 and for the year ended 31 December 2018 and the Balance sheet as at 31 December 2019 and 31 December 2018.

The following accounting policies have been applied.

#### *Going concern*

The directors have prepared forecasts to at least 12 months from the date of the financial statements, which show that the company expects to generate new sales opportunities in addition to maintenance and licence renewals which will lead to sufficient cash inflows to meet liabilities as they fall due. Following the acquisition by Mitrastech Holdings Inc on the 29 January 2020, a restructuring program was undertaken which is expected to result in annual ongoing cost savings. Furthermore, as part of their assessment, the directors have received confirmation of continued support from the controlling entity, Maverick Holdco Inc, to provide additional funds if required. Based on these facts, the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### *Turnover*

##### *Software licences*

**Perpetual licenses:** Licence revenues are credited to the profit and loss account upon the fulfilling of the obligations defined in the contract related to the software, such as delivery, installation or acceptance.

**Annual licenses:** License revenues arising are credited to the profit and loss account over the 12 months of the license period.

##### *Maintenance*

Revenues arising on maintenance contracts are credited to the profit and loss account over the period to which the maintenance contract relates.

# Cluster Seven Services Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

### 1 Accounting policies (*continued*)

#### *Consulting services*

Revenues from consulting services are credited to the profit and loss account when the services are delivered.

#### *Foreign currency*

Transactions in foreign currencies are translated to the company's functional currency 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Financial assets*

Financial assets are recognised initially at transaction price less attributable transaction costs, and subsequently held at amortised cost less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than their legal form. Financial liabilities are recognised initially at transaction price plus attributable transaction costs and subsequently held at amortised cost.

#### *Finance Leases*

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

#### *Tangible fixed assets*

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

The company assesses at each reporting date whether tangible fixed assets are impaired.

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 3 years for all such assets.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development is written off in the year in which it is incurred.

# Cluster Seven Services Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 1 Accounting policies (continued)

#### *Impairment*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Interest payable*

Interest payable and similar charges include interest payable, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred 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 is provided on timing differences which 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 is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Cluster Seven Services Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The directors consider that there are no material judgements in applying accounting policies or key sources of estimation uncertainty.

## 3 Employees

	2019 Number	2018 Number
The average number of employees, including directors, during the year was:	33	33

## 4 Tangible fixed assets

	Computers and office equipment £
<i>Cost</i>	
At 1 January 2019	297,908
Additions	62,777
	<hr/>
At 31 December 2019	360,685
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<i>Depreciation</i>	
At 1 January 2019	274,832
Charge for year	29,089
	<hr/>
At 31 December 2019	303,921
	<hr/>
<i>Net book value</i>	
At 31 December 2019	56,764
	<hr/>
At 31 December 2018	23,076
	<hr/>

Included in fixed assets are assets held under finance lease with a net book value of £39,611 (2018 - £nil) and depreciation was charged on these assets in the year of £6,389 (2018 - £nil).

# Cluster Seven Services Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 5 Debtors

	2019 £	2018 £
Trade debtors	236,778	114,571
Other debtors	100,942	100,942
Prepayments	69,004	97,116
	<u>406,724</u>	<u>312,629</u>

## 6 Creditors: amounts falling due within one year

	2019 £	2018 As restated £
Trade creditors	123,083	139,597
Amounts owed to group undertakings	2,915,166	3,334,734
Social security and other taxes	138,052	180,578
Accruals and deferred income	1,266,823	1,216,306
Amounts due under finance lease	14,756	-
	<u>4,457,880</u>	<u>4,871,215</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## 7 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts due under finance lease	25,367	-
	<u>25,367</u>	<u>-</u>

## 8 Deferred taxation

The company has unprovided corporation tax trading losses of £3,381,185 (2018: £3,008,893) to carry forward against future trading profits.

The directors have not recognised a deferred tax asset in relation to these losses due to the uncertainty over the timing of any future profits against which these losses may be utilised.

## 9 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>



# Cluster Seven Services Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 10 Commitments under operating leases

At the end of the year the company had total minimum commitments under operating leases analysed as:

	2019 £	2018 £
Within one year	177,546	175,334
One to five years	175,334	352,880

### 11 Parent company and ultimate controlling party

The company is a wholly owned subsidiary of Cluster Seven Limited, a company registered in Great Britain. The results of the Company are included in the consolidated financial statements of Cluster Seven Limited, which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. As at 31 December 2019 the ultimate controlling party is deemed to be Azini Capital LLP by virtue of their shareholding in Cluster Seven Limited.

On 29 January 2020 the entire share capital of the parent company was acquired by Mitrastech Holdings, Inc. and the ultimate controlling entity is considered to be Maverick Topco LLC by virtue of their shareholding in the parent company. Their principal place of business is 5001 Plaza On The Lake, Suite 111, Austin, TX 78746, United States. Maverick Topco LLC is owned by a number of shareholders and individually no shareholder is able to exert control. There is no ultimate controlling party.

### 12 Related party transactions

During the year £37,553 (2018: £37,493) was paid to Azini Capital LLP in the year for director's services and other miscellaneous expenses. As at 31 December 2019 £nil (2018: £nil) was owed to Azini.

### 13 Prior period restatement

	Accruals and deferred income as at 31 December 2018 £	Amounts due to group undertaking's as at 31 December 2018 £	Retained earnings as at 1 January 2018 £	Profit for the year ended 31 December 2018 £	Retained earnings as at 31 December 2018 £
As previously stated	(970,833)	(3,396,102)	(4,015,488)	422,210	(3,593,278)
Prior period adjustment	(245,473)	61,368	(111,936)	(72,169)	(185,105)
As restated	(1,216,306)	(3,334,734)	(4,127,424)	350,041	(3,777,383)

The prior period adjustment relates to the change in accounting policy for revenue recognition of annual software licenses, as described further above (Note 1 Accounting Policies).

As a result of adopting the revised revenue recognition accounting policy, Turnover for 2019 has been decreased by £11,386 and Accruals & deferred income increased by the same amount. Also, Cost of Sales and Amount owed to group undertakings have been decreased by £2,846 for 2019.

## **Cluster Seven Services Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)**

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### **14 Post balance sheet events**

On 29 January 2020 the entire share capital of the parent company was acquired by Mitrtech Holdings, Inc. an enterprise software company with headquarters in the USA and global operations.

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Company could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

### **15 Auditors information**

An audit of the Company's financial statements was carried out by Crowe U.K. LLP as statutory auditor who reported to the Company's members on 7 August 2020. The auditor's report was signed by Christine Dobson as senior statutory auditor and was unqualified.