

COMPANY REGISTRATION NUMBER: SC225788

Calero Software Limited
Financial Statements
31 December 2019



Calero Software Limited

Financial Statements

Year ended 31 December 2019

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Calero Software Limited
Officers and Professional Advisers

Director	BJ Brady S Gilbert
Registered office	40 Torphichen Street Fourth Floor Edinburgh EH3 8JB
Auditor	Saffery Champness LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	The Royal Bank of Scotland 142-144 Princes Street Edinburgh EH2 4EQ
Solicitors	Vialex Limited 1-4 Atholl Crescent Edinburgh EH3 8HA

Calero Software Limited

Director's Report *(continued)*

Year ended 31 December 2019

The director presents his report and the financial statements of the company for the year ended 31 December 2019.

Principal activities

The principal activity of the company during the year was telecommunication management consultancy.

Directors

The directors who served the company during the year were as follows:

J S Pajer	(Appointed 5 April 2019, resigned 16 December 2019, reappointed 23 December 2019 and resigned 22 July 2020)
D L Booker	(Resigned 5 April 2019)
M Noon	(Resigned 16 December 2019)
K P Hunt	(Served from 5 April 2019 to 23 December 2019)
B J Brady	(Appointed 22 July 2020)
S Gilbert	(Appointed 22 July 2020)
C Layne	(Appointed 22 July 2020 and resigned 23 October 2020)

Director's responsibilities statement

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far the director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Calero Software Limited

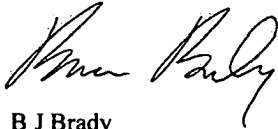
Director's Report *(continued)*

Year ended 31 December 2019

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on²¹..... December 2020 and signed on behalf of the board by:



B J Brady
Director

Registered office:
40 Torphichen Street
Fourth Floor
Edinburgh
EH3 8JB

Calero Software Limited

Independent Auditor's Report to the Members of Calero Software Limited

Year ended 31 December 2019

Opinion

We have audited the financial statements of Calero Software Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Calero Software Limited

Independent Auditor's Report to the Members of Calero Software Limited *(continued)*

Year ended 31 December 2019

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for 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 the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Calero Software Limited

Independent Auditor's Report to the Members of Calero Software Limited *(continued)*

Year ended 31 December 2019

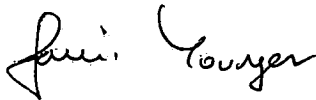
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.



Jamie Younger Bsc CA (Senior Statutory Auditor)

For and on behalf of
Saffery Champness LLP
Chartered accountants & Statutory Auditors
Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Date: 23.... December 2020

Calero Software Limited
Statement of Comprehensive Income
Year ended 31 December 2019

		Year to 31 Dec 19 £	Period from 1 Apr 18 to 31 Dec 18 £
Turnover	Note	2,083,533	1,704,213
Cost of sales		983,006	860,486
Gross profit		1,100,527	843,727
Administrative expenses		2,274,039	1,411,231
Operating loss	4	(1,173,512)	(567,504)
Other interest receivable and similar income	6	356	371
Loss before taxation		(1,173,156)	(567,133)
Tax on loss		—	—
Loss for the financial year and total comprehensive income		<u>(1,173,156)</u>	<u>(567,133)</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 10 to 15 form part of these financial statements.

Calero Software Limited
Statement of Financial Position
31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	7	128,771	165,582
Current assets			
Debtors	8	267,106	501,932
Cash at bank and in hand		<u>172,968</u>	<u>81,727</u>
		440,074	583,659
Creditors: amounts falling due within one year	9	<u>1,933,822</u>	<u>941,062</u>
Net current liabilities		<u>1,493,748</u>	<u>357,403</u>
Total assets less current liabilities		<u>(1,364,977)</u>	<u>(191,821)</u>
Net liabilities		<u>(1,364,977)</u>	<u>(191,821)</u>
Capital and reserves			
Called up share capital		443	443
Share premium account		1,224,989	1,224,989
Profit and loss account		<u>(2,590,409)</u>	<u>(1,417,253)</u>
Members deficit		<u>(1,364,977)</u>	<u>(191,821)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on ...21... December 2020, and are signed on behalf of the board by:



B J Brady
Director

Company registration number: SC225788

The notes on pages 10 to 15 form part of these financial statements.

Calero Software Limited
Statement of Changes in Equity
Year ended 31 December 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 April 2018	427	1,020,410	(850,120)	170,717
Loss for the year	—	—	(567,133)	(567,133)
Total comprehensive income for the year	—	—	(567,133)	(567,133)
Issue of shares	16	204,579	—	204,595
Total investments by and distributions to owners	16	204,579	—	204,595
At 31 December 2018	443	1,224,989	(1,417,253)	(191,821)
Loss for the year	—	—	(1,173,156)	(1,173,156)
Total comprehensive income for the year	—	—	(1,173,156)	(1,173,156)
At 31 December 2019	<u>443</u>	<u>1,224,989</u>	<u>(2,590,409)</u>	<u>(1,364,977)</u>

The notes on pages 10 to 15 form part of these financial statements.

Calero Software Limited
Notes to the Financial Statements
Year ended 31 December 2019

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is 40 Torphichen Street, Fourth Floor, Edinburgh, EH3 8JB, Scotland.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

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.

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.

Going concern

The group directors have prepared detailed financial projections to December 2021 and considered trading prospects for the year to December 2021 and beyond. These projections include considerations of the ongoing Covid-19 global pandemic to which our exposure has fortunately been limited. Both exercises show the company will be able to meet its day-to-day working capital requirements for the next 12 months, and beyond, from the date of approving the financial statements. The directors believe it appropriate to prepare the financial statements on the going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover represents invoiced revenue in respect of the provision of Telecoms Lifecycle Management services to clients in the year, exclusive of VAT.

Invoiced revenue is calculated and billed with reference to contractual obligations for the provision of services to clients. Where invoiced revenue relates to services provided outwith the accounting period, invoiced revenue is deferred/accrued as appropriate.

Calero Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect for all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the profits on a straight line basis over the period of the lease.

Research and development

Ongoing development expenditure, principally in relation to direct salary costs and related overheads, are charged to the Income Statement as expenditure is incurred. No such expenditure is capitalised in the Balance Sheet.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Calero Software Limited

Management Information

Year ended 31 December 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- 20% reducing balance
Software	- 25% reducing balance
Office equipment	- 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

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 balance sheet 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 debtors, 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.

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.

Calero Software Limited

Management Information

Year ended 31 December 2019

3. Accounting policies *(continued)*

Basic financial liabilities

Basic financial liabilities, including 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. 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Defined contribution plans

The company contributes to employee nominated pension schemes. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

4. Operating loss

Operating profit or loss is stated after charging:

	Year to 31 Dec 19	Period from 1 Apr 18 to 31 Dec 18
	£	£
Depreciation of tangible assets	40,544	16,662
Foreign exchange differences	<u>23,361</u>	<u>2,354</u>

5. Employee numbers

The average number of persons employed by the company during the year amounted to 47 (2018: 41).

6. Other interest receivable and similar income

	Year to 31 Dec 19	Period from 1 Apr 18 to 31 Dec 18
	£	£
Interest on cash and cash equivalents	356	163
Loan interest receivable	—	208
	<u>356</u>	<u>371</u>

Calero Software Limited

Management Information

Year ended 31 December 2019

7. Tangible assets

	Leasehold Improvements £	Software £	Office equipment £	Total £
Cost				
At 1 January 2019	40,723	49,348	361,009	451,080
Additions	—	—	3,733	3,733
At 31 December 2019	<u>40,723</u>	<u>49,348</u>	<u>364,742</u>	<u>454,813</u>
Depreciation				
At 1 January 2019	26,024	47,400	212,074	285,498
Charge for the year	2,988	492	37,064	40,544
At 31 December 2019	<u>29,012</u>	<u>47,892</u>	<u>249,138</u>	<u>326,042</u>
Carrying amount				
At 31 December 2019	<u>11,711</u>	<u>1,456</u>	<u>115,604</u>	<u>128,771</u>
At 31 December 2018	<u>14,699</u>	<u>1,948</u>	<u>148,935</u>	<u>165,582</u>

8. Debtors

	2019 £	2018 £
Trade debtors	157,320	281,380
Other debtors	109,786	220,552
Corporation tax recoverable	—	80,610
	<u>267,106</u>	<u>501,932</u>

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	34,491	24,880
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,012,447	206,006
Social security and other taxes	104,072	53,747
Other creditors	782,812	656,429
	<u>1,933,822</u>	<u>941,062</u>

The amounts owed to group undertakings include loan balances payable to Calero Software LLC. These loans are unsecured, interest-free, and are repayable on demand.

10. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
The company had total guarantees and commitments at the Balance Sheet date of	<u>287,750</u>	<u>359,820</u>

Calero Software Limited

Management Information

Year ended 31 December 2019

11. Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 1AC.35 'related party disclosures' not to disclose transactions entered into between two or more members of a group, on the basis that the company is a wholly-owned subsidiary undertaking of the group to which it is party to the transactions.

12. Controlling party

On 21 December 2019 the parent company, Calero Software LLC, acquired Telesoft, LLC (formerly "MDSL"). These two companies are held as operating subsidiaries of OHCP TEM Holdco, LP (formerly "Calero-MDSL"). Calero Software Ltd remains a wholly-owned subsidiary of Calero Software, LLC, a company incorporated in the United States.

The company forms part of the consolidated financial statements published by OHCP TEM Holdco, LP. Consolidated financial statements may be obtained by writing to: Calero-MDSL, 1040 University Ave, Suite 200, Rochester, NY 14607, United States.