Registered number: 12313708

# MUSCOVITE MIDCO LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

## FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2020

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## MUSCOVITE MIDCO LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | I E Caswell<br>P Rode (appointed 10 August 2021) |
| **Registered number** | 12313708 |
| **Registered office** | 843 Finchley Road<br>London<br>NW11 8NA |
| **Independent auditor** | Nexia Smith & Williamson<br>Chartered Accountants & Statutory Auditor<br>25 Moorgate<br>London<br>EC2R 6AY |

MUSCOVITE MIDCO LIMITED

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## DIRECTORS' REPORT
## FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the 14-month period ended 31 December 2020.

Muscovite Midco Limited (the "Company") was incorporated on 13th November 2019 to act as a holding company for the acquisition of Sapphire Systems Limited and its subsidiaries (the "Sapphire Systems Group" or "Sapphire"), which took place on 17 December 2019.

For details on the performance of the wider group please see the accounts for the group parent company, Muscovite Topco Limited.

### Results and dividends

The profit for the 14-month period, after taxation, amounted to £Nil.

Ordinary dividends were paid amounting to £Nil. The directors do not recommend payment of a dividend.

### Directors

The directors who served during the 14-month period were:

I E Caswell (appointed 17 December 2019)
L A Kingston (appointed 13 November 2019, resigned 17 December 2019)
T W M Maizels (appointed 13 November 2019, resigned 17 December 2019)
M Royle (appointed 17 December 2019, resigned 10 August 2021)

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Ian Caswell

**I E Caswell**
Director

Date: 13/09/2021

## DIRECTORS' RESPONSIBILITIES STATEMENT
## FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2020

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 period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Nexia Smith & Williamson

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSCOVITE MIDCO LIMITED

**Opinion**
We have audited the financial statements of Muscovite Midco Limited (the 'Company') for the 14-month period ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including 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 2020 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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**
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSCOVITE MIDCO LIMITED (CONTINUED)

**Other information**
The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and financial statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**
As explained more fully in the Directors' Responsibilities 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, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning:
- Their understanding of relevant laws and regulations;
- The entity's policies and procedures regarding compliance; and
- How they identify, evaluate and account for litigation claims.

We also drew on our existing understanding of the Company's industry and regulation.
We understand that the Company complies with the framework through:
- Maintaining internal legal counsel; and
- Ensuring staff are adequately up to date on training.

In the context of the audit, we considered those laws and regulations:
- Which determine the form and content of the financial statements;
- Which are central to the Company's ability to conduct its business; and
- Where failure to comply could result in material penalties.

We identified the following laws and regulations as being of significance in the context of the Company:
- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:
- Manipulation of the financial statements via fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion. The procedures we carried out to gain evidence in the above areas included:
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts including unexpected double entries; and
- Reviewing and challenging estimates made by management.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSCOVITE MIDCO LIMITED (CONTINUED)

**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.

Nexia Smith & Williamson

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of
**Nexia Smith & Williamson**

Chartered Accountants
Statutory Auditor

25 Moorgate
London
EC2R 6AY
Date: 13/09/2021

## PROFIT AND LOSS ACCOUNT
## FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2020

**Profit for the financial 14-month period**

The Company has not traded during the 14-month period. During this period, the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

**MUSCOVITE MIDCO LIMITED**
**REGISTERED NUMBER:12313708**

## BALANCE SHEET
## AS AT 31 DECEMBER 2020

| | Note | | 2020 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 5 | | **13,282,973** |
| | | | **13,282,973** |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 6 | **21,163,710** | |
| | | **21,163,710** | |
| Creditors: amounts falling due within one year | 7 | **(34,446,682)** | |
| **Net current liabilities** | | | **(13,282,972)** |
| **Net assets** | | | **1** |
| **Capital and reserves** | | | |
| Called up share capital | 8 | | **1** |
| **Shareholders' funds** | | | **1** |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Ian Caswell
Ian Caswell (Sep 13, 2021 16:06 GMT+1)

**I E Caswell**
Director

Date: 13/09/2021

The notes on pages 10 to 14 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2020

| | Called up share capital | Total equity |
|---|---|---|
| | £ | £ |
| At 13 November 2019 | - | - |
| **Comprehensive income for the 14-month period** | | |
| Profit for the 14-month period | - | - |
| ***Contributions by and distributions to owners*** | | |
| Shares issued during the 14-month period | 1 | 1 |
| **At 31 December 2020** | 1 | 1 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2020

### 1. General information

Muscovite Midco Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (Registered number: 12313708). The registered office address is 843 Finchley Road, London, NW11 8NA.

Muscovite Midco Limited was incorporated on the 13th November 2019 and therefore the financial statements have been prepared for a 14-month period with no prior period comparative.

The Company's functional and presentational currency is GBP.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

#### 2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

#### 2.3 Going concern

At the year end, the Company has net assets of £1 and net current liabilities of £13,282,972. The nature of current creditors is primarily intercompany, and each intercompany balance is subject to a letter of support from the counterparty stating that they have no intentions to recall any debts for a period of at least 12 months from the approval of these financial statements. The directors therefore consider it appropriate that the financial statements are prepared on a going concern basis.

#### 2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

## 2. Accounting policies (continued)

### 2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised where the revision affects only that period, or is in the period of the revision and future periods where the revision affects both current and future periods.

The value of group company investments held on the Balance Sheet are ultimately underpinned by the Sapphire Systems Limited group, inclusive of the entities acquired during the year (ITOM Solutions Limited and Pioneer B1 LLC). Determining whether investments in subsidiaries are impaired requires an assessment at each reporting date whether there is any indication that the asset may be impaired. The directors have assessed the Investments for indicators of impairment at the balance sheet date and have determined that no indicators exist.

## 4. Employees

The Company has no employees other than the directors, who did not receive any remuneration.

## 5. Fixed asset investments

| | Investments in subsidiary companies £ |
|---|---|
| **Cost or valuation** | |
| Additions | **13,282,973** |
| At 31 December 2020 | **13,282,973** |

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|---|---|---|---|
| Muscovite Bidco Limited | 843 Finchley Road, London NW118NA | Ordinary | 100% |
| Sapphire Systems Limited * | 843 Finchley Road, London NW118NA | Ordinary | 100% |
| Argentis Systems Limited * | 843 Finchley Road, London NW118NA | Ordinary | 100% |
| Argentis Systems Srl * | Av La Voz Del Interior 7000 5000, Cordoba, Argentina | Ordinary | 100% |
| Sapphire ERP Systems Private Limited * | Tradeworld Tower, Mumbai 400 013, India | Equity | 100% |
| Sapphire Systems Inc. * | The Chrysler Building, 405 Lexington Avenue, New York, USA | Equity | 100% |
| ITOM Solutions Ltd * | Vintage House, 37 Albert Embankment, London SE1 7TL | Ordinary | 100% |
| Pioneer B1 LLC * | 7556 E Camelback Rd., Scottsdale, AZ 85251 | Ordinary | 100% |

* Investment held indirectly.

## 5. Fixed asset investments (continued)

### Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the 14-month period ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves £ | Profit/(Loss) £ |
|---|---|---|
| Muscovite Bidco Limited | **1,579,610** | **1,579,609** |
| Sapphire Systems Limited * | **2,068,316** | **2,823,941** |
| Argentis Systems Limited * | **(495,915)** | **76,980** |
| Argentis Systems Srl * | **(150,779)** | **(296,450)** |
| Sapphire ERP Systems Private Limited * | **118,985** | **49,128** |
| Sapphire Systems Inc. * | **(83,354)** | **64,056** |
| ITOM Solutions Ltd * | **(212,781)** | **-** |
| Pioneer B1 LLC * | **(101,743)** | **-** |

## 6. Debtors

| | 2020 £ |
|---|---|
| Amounts owed by group undertakings | **21,163,710** |

## 7. Creditors: Amounts falling due within one year

| | 2020 £ |
|---|---|
| Amounts owed to group undertakings | **34,446,682** |

## 8. Share capital

| | 2020 £ |
|---|---|
| **Allotted, called up and fully paid** | |
| 1 Ordinary share of £1.00 | **1** |

The Ordinary share carries one voting right and no right to fixed income.

## 9. Reserves

### Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

## 10. Controlling party

The immediate parent undertaking is Muscovite Holdco Limited, a company registered in England and Wales.

The ultimate parent undertaking is Horizon Capital LLP, a company registered in England and Wales.

The smallest and largest group of undertakings for which group accounts for the period ending 31 December 2020 have been drawn up, is that headed by Muscovite Topco Limited. Copies of the group accounts are available from Companies House.

There is no ultimate controlling party.