

REGISTERED NUMBER: 09946422 (England and Wales)

Unaudited Financial Statements for the Year Ended 31 December 2022

for

Kluster Enterprises Limited

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for the Year Ended 31 December 2022**

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Kluster Enterprises Limited

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS: R I Brown
D D Thompson
S J Isilay
J T Eadie
Superseed Ventures Llp

SECRETARY: Avery Law Cosec Ltd

REGISTERED OFFICE: 86-90 Paul Street
London
United Kingdom
EC2A 4NE

REGISTERED NUMBER: 09946422 (England and Wales)

ACCOUNTANTS: GrowthBuilders Insight LLP
71-75 Shelton Street
Covent Garden
London
WC2H 9JQ

SOLICITORS: Avery Law LLP
25 Wilton Road
London
SW1V 1LW

Kluster Enterprises Limited (Registered number: 09946422)

Balance Sheet
31 December 2022

	Notes	£	2022 £	£	2021 £
FIXED ASSETS					
Tangible assets	4		15,261		12,707
CURRENT ASSETS					
Debtors	5	360,476		316,484	
Cash at bank and in hand		<u>153,168</u>		<u>781,580</u>	
		513,644		1,098,064	
CREDITORS					
Amounts falling due within one year	6	<u>824,928</u>		<u>398,507</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(311,284)</u>		<u>699,557</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(296,023)</u>		<u>712,264</u>
CAPITAL AND RESERVES					
Called up share capital	7		210		208
Share premium			2,112,281		2,015,256
Retained earnings			<u>(2,408,514)</u>		<u>(1,303,200)</u>
SHAREHOLDERS' FUNDS			<u>(296,023)</u>		<u>712,264</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Kluster Enterprises Limited (Registered number: 09946422)

Balance Sheet - continued
31 December 2022

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2023 and were signed on its behalf by:

D D Thompson - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2021	193	(908,449)	1,356,450	448,194
Changes in equity				
Employee Share Option Charge	-	61,061	-	61,061
Issue of share capital	15	-	658,806	658,821
Total comprehensive income	-	(455,812)	-	(455,812)
Balance at 31 December 2021	<u>208</u>	<u>(1,303,200)</u>	<u>2,015,256</u>	<u>712,264</u>
Changes in equity				
Employee Share Option Charge	-	231,507	-	231,507
Issue of share capital	2	-	97,025	97,027
Total comprehensive income	-	(1,336,821)	-	(1,336,821)
Balance at 31 December 2022	<u>210</u>	<u>(2,408,514)</u>	<u>2,112,281</u>	<u>(296,023)</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2022**

1. STATUTORY INFORMATION

Kluster Enterprises Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The nature of the company's business is such that there is considerable expenditure required to increase income generation as it continues to undertake market research and software development.

For the year ended 31 December 2022, the company has recorded a loss before tax of £1,336,820 (2021: £455,812) and has net liabilities as at that date of £296,022 (2021: net assets £712,264). The financial statements have been prepared on the going concern basis which assumes that the company will continue as a going concern for the foreseeable future.

The directors' assessment of going concern has been based on consideration of the level of cash held by the company at the date of approving these financial statements, the cost base of the company, reviewing forecasts and preparing a range of cashflow scenarios. They have also considered the continuing financial support of the company's directors and shareholders.

Accordingly, the directors are satisfied that the company will be able to meet its liabilities as they fall due for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts to the extent that the company has a right to consideration arising from the performance of its contractual obligations. Turnover is generated from contracts to supply cloud based sales analytic software and associated software consultancy services.

Revenue is recognised on the day the service commences and is apportioned on a straight line basis over the contract term as the services are rendered. Services are deemed to be delivered on a continuous basis throughout the course of the contract.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

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

Computer equipment 33.3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

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 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 realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including the 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.

Other financial assets

The company has no financial assets which are classified as other financial assets in these financial statements.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

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.

Other financial liabilities

The company has no financial liabilities which are classified as other financial liabilities in these financial statements.

Equity instruments

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share based payments

The company operates an equity settled share option scheme. Where share options are awarded to employees, the fair value of the options at the grant date is charged to the income statement over the vesting period. The method of valuation is based on the share price from the most recent funding round. The number of equity instruments expected to vest is reassessed at each Balance Sheet date so that the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of the goods and services received.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of work in progress 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.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 25 (2021 - 13) .

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2022	18,113
Additions	9,446
At 31 December 2022	<u>27,559</u>
DEPRECIATION	
At 1 January 2022	5,406
Charge for year	6,892
At 31 December 2022	<u>12,298</u>
NET BOOK VALUE	
At 31 December 2022	<u>15,261</u>
At 31 December 2021	<u>12,707</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	307,294	191,044
Provisions for Doubtful Debts	(21,922)	(25,737)
Other debtors	21,720	500
Tax	-	114,210
Prepayments	53,384	36,467
	<u>360,476</u>	<u>316,484</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	94,657	37,949
Social security and other taxes	40,726	21,372
VAT	46	-
Other creditors	400	3,726
Yorkshire Bank Credit Card	7,338	4,379
Accruals and deferred income	681,761	331,081
	<u>824,928</u>	<u>398,507</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

7. CALLED UP SHARE CAPITAL

Ordinary Share Capital	2021	2020
Issued and fully paid	£	£
209,918 'A' Ordinary of 0.1p each (2020: 207,653)	<u>208</u>	<u>193</u>
	<u>208</u>	<u>193</u>

On 8 April 2020 the Directors' redesignated the 'B' Ordinary, 'C' Ordinary, 'D' Ordinary and 'E' Ordinary shares all of 0.1p each as 'A' Ordinary shares of 0.1p each.

On 23 April 2020, the company issued 21,201 'A' Ordinary shares at a price per share of £19.1165. On 5 May 2020, the company issued 2,040 'A' Ordinary shares at a price per share of £19.1165. On 19 August 2020, the company issued a further 16,254 'A' Ordinary shares at a price per share of £19.1165. On 13 December 2021, the company issued 15,149 'A' Ordinary shares at a price per share of £44.15. On 18 February 2022, the company issued 1,346 'A' Ordinary shares at a price per share of £44.15. On 25 February 2022, the company issued 919 'A' Ordinary shares at a price per share of £44.15.

All shares were fully paid up and the Company received a total of £99,997 (2021: £668,828) in proceeds from share issues in the year. In accordance with Section 610 of the Companies Act 2006 share issue costs of £2,971 have been netted off against share premium.

8. POST BALANCE SHEET EVENTS

In February 2023, the company completed a funding round to enable future investment in product development and revenue growth. The company issued 57,812 A1 Preference Shares for a total value of £2,301,496 (average share price of £39.81) and 18,904 A2 Preference Shares for a total value of £764,314 (average share price of £40.01).

9. SHARE BASED PAYMENTS

	Weighted average exercise		Weighted average exercise	
	price	Number	price	Number
	2022	2022	2021	2021
	£	No	£	No
Outstanding at the beginning of the year	3.93	5,729	0.001	7,330
Granted during the year	14.33	11,315	14.33	4,958
Forfeited during the year	14.33	720	14.33	283
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	14.33	16,324	3.93	12,005
Exercisable at the end of the year	9.52	15,942	3.93	5,729

The company operates an equity settled share option scheme. The options vest over five years and lapse after ten years. The options are valued at fair value at the grant date. The method of valuation is based on the share price from the most recent funding round. The charge recognized in the income statement in 2022 was £231,507 (2021:£61,061).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.