

Registered number: 01870101

COGNISOFT LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**



COGNISOFT LIMITED

COMPANY INFORMATION

Directors	C Seagers L Clark E Cook A Howarth S Robson
Company secretary	S Robson
Registered number	01870101
Registered office	Jupiter House Warley Hill Business Park The Drive Brentwood Essex CM13 3BE
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Boundary House 4 County Place Chelmsford Essex CM2 0RE

COGNISOFT LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Statement of comprehensive income	5
Balance sheet	6
Notes to the financial statements	7 - 15

COGNISOFT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2016**

The directors present their report and the financial statements for the year ended 30 November 2016.

Directors

The directors who served during the year were:

C Seagers
L Clark
E Cook
A Howarth
S Robson

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgments and accounting estimates that are reasonable and prudent;
- 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 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.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

COGNISOFT LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2016

Small companies note

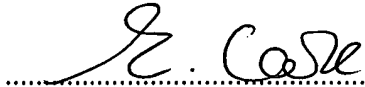
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



.....
A Howarth
Director

Date: 3-7-2017



.....
E Cook
Director

Date: 3-7-2017

COGNISOFT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COGNISOFT LIMITED

We have audited the financial statements of Cognisoft Limited for the year ended 30 November 2016, set out on pages 5 to 15. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2016 and of its profit or loss for the year 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.

Opinion on other matter 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 year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our 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.

COGNISOFT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COGNISOFT LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



Mike Kay BSc ACA CF (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex

CM2 0RE

Date: 19/7/17

COGNISOFT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2016**

	Note	2016 £	2015 £
Turnover		1,559,094	1,303,735
Cost of sales		(573,346)	(585,652)
Gross profit		985,748	718,083
Distribution costs		(260,310)	(238,877)
Administrative expenses		(399,904)	(373,230)
Operating profit		325,534	105,976
Interest receivable and similar income	5	2,021	2,367
Profit before tax		327,555	108,343
Tax on profit	6	(26,145)	37,198
Profit for the year		301,410	145,541

There was no other comprehensive income for 2016 (2015:£NIL).

COGNISOFT LIMITED
REGISTERED NUMBER:01870101

BALANCE SHEET
AS AT 30 NOVEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	<u>45,989</u>	<u>18,829</u>
		45,989	18,829
Current assets			
Debtors: amounts falling due within one year	9	297,253	196,138
Cash at bank and in hand	10	<u>758,530</u>	<u>772,888</u>
		1,055,783	969,026
Creditors: amounts falling due within one year	11	<u>(716,399)</u>	<u>(665,520)</u>
Net current assets		339,384	303,506
Total assets less current liabilities		385,373	322,335
Net assets		385,373	322,335
Capital and reserves			
Called up share capital		129	129
Share premium account		14,920	14,920
Profit and loss account		<u>370,324</u>	<u>307,286</u>
		385,373	322,335

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 FRS 102 Section 1A - small entities.

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



.....
A Howarth
Director



.....
E Cook
Director

Date: 3-7-2017

The notes on pages 7 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

1. General information

Cognisoft Limited is a limited liability company incorporated in England and Wales. The Company registration number is 01870101. The registered office is given on the Company information page in these financial statements.

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been consistently applied to all years presented.

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company derives its revenue from three sources: (1) subscription revenues, which are composed of subscription fees from customers accessing its hosted software as a service, (2) license and support fees from on premise customers and (3) professional services. The Company evaluates the arrangements to determine if separate units of accounting exist, and if so, allocates revenue to each element based upon the relative selling price of each of the elements.

Subscription fees

The Company sells subscriptions to its customers on a monthly or annual basis and recognises the respective income on an accrual basis, i.e. which portion of the services sold has been provided to the customers at each reporting date.

License and support fees

The company sells licenses and support fees to on premise customers. Support fees are provided on an annual basis and the income is recognised on an accruals basis. License fees are recognised in the month they are provided.

Professional services

Professional service offerings consist of initial setup fees purchased along with the subscription to configure the hosted software to customer specifications and separately purchased professional services to further enhance an already live system. Other services also include training and project management. These are recognised as the services are provided.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

2. Accounting policies (continued)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	-
Motor vehicles	- 25% straight line
Fixtures and fittings	- 10% straight line
Office equipment	- 10% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

2. Accounting policies (continued)

2.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

COGNISOFT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>4,100</u>	<u>4,200</u>

4. Employees

The average monthly number of employees, including directors, during the year was 22 (2015 - 22).

5. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>2,021</u>	<u>2,367</u>
	<u>2,021</u>	<u>2,367</u>

COGNISOFT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

6. Taxation

	2016 £	2015 £
Corporation tax		
Adjustments in respect of previous periods	(734)	(6,748)
Total current tax	<u>(734)</u>	<u>(6,748)</u>
Deferred tax		
Origination and reversal of timing differences	26,879	(30,450)
Total deferred tax	<u>26,879</u>	<u>(30,450)</u>
Taxation on profit/(loss) on ordinary activities	<u>26,145</u>	<u>(37,198)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>327,555</u>	<u>108,343</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	65,613	21,669
Effects of:		
Capital allowances for year in excess of depreciation	(2,559)	542
Adjustments to tax charge in respect of prior periods	(734)	(6,748)
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	(36,144)	(44,231)
Unrelieved tax losses carried forward	(26,910)	22,020
Other differences leading to an increase/(decrease) in the tax charge	26,879	(30,450)
Total tax charge for the year	<u>26,145</u>	<u>(37,198)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in October 2015 and will take effect from 1 April 2017. A further reduction from 19% to 17% was substantively enacted in March 2016 and will take effect from 1 April 2020.

COGNISOFT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

7. Dividends

	2016 £	2015 £
Dividends paid	238,372	190,698
	<u>238,372</u>	<u>190,698</u>

8. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 December 2015	-	2,096	10,313	79,986	92,395
Additions	9,788	5,613	10,789	14,314	40,504
At 30 November 2016	<u>9,788</u>	<u>7,709</u>	<u>21,102</u>	<u>94,300</u>	<u>132,899</u>
Depreciation					
At 1 December 2015	-	832	10,028	62,706	73,566
Charge for the period on owned assets	816	415	479	11,634	13,344
At 30 November 2016	<u>816</u>	<u>1,247</u>	<u>10,507</u>	<u>74,340</u>	<u>86,910</u>
Net book value					
At 30 November 2016	<u>8,972</u>	<u>6,462</u>	<u>10,595</u>	<u>19,960</u>	<u>45,989</u>
At 30 November 2015	<u>-</u>	<u>1,264</u>	<u>285</u>	<u>17,280</u>	<u>18,829</u>

COGNISOFT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

9. Debtors

	2016 £	2015 £
Trade debtors	250,983	120,148
Amounts owed by group undertakings	-	18,744
Other debtors	-	6,015
Prepayments and accrued income	42,698	20,781
Deferred taxation	3,572	30,450
	<u>297,253</u>	<u>196,138</u>

10. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	758,530	772,888
	<u>758,530</u>	<u>772,888</u>

11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	27,553	3,733
Amounts owed to group undertakings	31,247	31,599
Other taxation and social security	117,584	108,147
Accruals and deferred income	540,015	522,041
	<u>716,399</u>	<u>665,520</u>

The credit card facility in Microdec plc is secured on the assets of Microdec Plc by way of a debenture and an unlimited intercompany guarantee given by Microdec Plc, Cognisoft Limited, Skyland Global Limited and Microdec UK Limited.

The balance of this facility was £nil (2015 - £nil) at the Balance Sheet date.

COGNISOFT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

12. Deferred taxation

	2016 £
At beginning of year	30,450
Charged to the profit or loss	(26,878)
At end of year	3,572

The deferred tax asset is made up as follows:

	2016 £
Accelerated capital allowances	(3,946)
Tax losses carried forward	7,518
	3,572

13. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £48,194 (2015 - £44,450). There were no balances payable to the fund at the Balance Sheet date in the current or prior year.

14. Commitments under operating leases

At 30 November 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	60,376	24,746
Later than 1 year and not later than 5 years	139,254	8,788
	199,630	33,534

COGNISOFT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

15. Related party transactions

The Company had the following transactions with fellow subsidiaries Microdec Plc and Skyland Global Limited, which are controlled by Microdec UK Limited:

During the year the Company recharged £8,652 (2015 - £17,713) for payments made on behalf of Skyland Global Limited.

During the year, the Company was recharged costs of £31,068 (2015 - £62,908) by Microdec Plc.

Included within creditors is £31,247 (2015 - £31,599) owed to Microdec Plc at the Balance Sheet date.

16. Controlling party

The ultimate parent undertaking is Microdec UK Limited a company incorporated in England and Wales, holding 50.4% of the share capital in the Company. Microdec UK Limited heads up the smallest and largest group for which group financial statements are prepared and copies of the group financial statements can be obtained from Companies House.

The ultimate controlling party throughout the current and previous year C Seagers by virtue of his shareholding in Microdec UK Limited.

17. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.