

For filing

Registered number: 3867924

TITIAN SOFTWARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



TITIAN SOFTWARE LIMITED

COMPANY INFORMATION

Director	E C L Wilson
Registered number	3867924
Registered office	2 Newhams Row London SE1 3UZ
Independent auditors	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

TITIAN SOFTWARE LIMITED

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TITIAN SOFTWARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The principal activity of the company continued to be that of the provision of software and consultancy services to the research and development departments of pharmaceutical and life science companies and of universities and other not-for-profit entities.

The company has three main sources of revenue:

- Sale of licences (perpetual and annual) for the use of the Mosaic software;
- Implementation services, which involves configuring the Mosaic software to the customers' specific needs and deploying the software; and
- Support and maintenance of the software.

Business review

2018 has been another successful year for the company. We have again won a number of new customers in addition to work in new sites and new groups for existing customers. We have been pleased with the continued uptake of both our new Mosaic FreezerManagement and Mosaic SampleBank products. 2018 also saw the development of our new Mosaic FreezerManagement Cloud offering.

The Mosaic product has continued to be extended across the board, with work continuing on Mosaic 8.0.

Principal risks and uncertainties

The principal risks to the business are as follows:

- Predicting how long the development of new software will take is an inexact science. Titian manages this risk by using an Agile software development method to give more visibility of progress and hence predictability for delivery dates.
- Sales cycles are long, and forecasting the likelihood of sales being successfully made and the dates of those sales is challenging. Moreover, there is often uncertainty within the market in which Titian operates relating to customer consolidation and customers' budgets.
- While Titian is the leading supplier of software for Compound Management for large life sciences companies, there are many competitors in the market for Biological Sample Management, and various competitors serving smaller life science companies.
- Titian has many skilled and knowledgeable staff, and retaining these staff is of paramount importance.

Financial key performance indicators

The financial key performance indicators that are important to our business are turnover and profitability.

Turnover during the year ended 31 March 2018 was £8.5m (2017: £7.8m). Profits before tax for the year were £683,093 (2017: £536,294).

The director is satisfied with the performance of the company this year and of the prospects for the next year.


Staff and suppliers

The director would like to take this opportunity to thank the staff and key suppliers for the professionalism and dedication they have shown this year. Without them the company would not have achieved this success and strong reputation.

TITIAN SOFTWARE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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



.....
E C L Wilson
Director

Date: 18 DECEMBER 2018

TITIAN SOFTWARE LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The director presents his report and the financial statements for the year ended 31 March 2018.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, 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 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 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the director is 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;
- 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 to enable him 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.

Results and dividends

The profit for the year, after taxation, amounted to £626,602 (2017 - £870,063).

No final dividend has been proposed.

Director

The director who served during the year was:

E C L Wilson

Future developments

The director is confident of the continued success of the company, indeed sales have been strong since the end of the 2018 financial year.

TITIAN SOFTWARE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



.....
E C L Wilson
Director

Date: 18 DECEMBER 2018

TITIAN SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE LIMITED

Opinion

We have audited the financial statements of Titian Software Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 Financial Reporting Standard 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 March 2018 and of its profit 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.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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

TITIAN SOFTWARE LIMITED

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

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.

Opinion 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have 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 Strategic Report or 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.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 3, 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 have no realistic alternative but to do so.

TITIAN SOFTWARE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE LIMITED
(CONTINUED)**

Auditors' 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

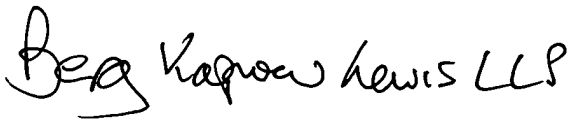
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

TITIAN SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE 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 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.



Howard Graff FCA (Senior Statutory Auditor)

for and on behalf of

Berg Kaprow Lewis LLP

Chartered Accountants
Statutory Auditor

London

Date: 19/12/2018

TITIAN SOFTWARE LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	8,546,999	7,822,857
Cost of sales		<u>(6,042,437)</u>	<u>(5,667,802)</u>
Gross profit		2,504,562	2,155,055
Administrative expenses		<u>(1,837,474)</u>	<u>(1,629,764)</u>
Operating profit	5	667,088	525,291
Interest receivable and similar income	9	<u>16,005</u>	<u>11,003</u>
Profit before tax		683,093	536,294
Tax on profit	10	<u>(56,491)</u>	<u>333,769</u>
Profit after tax		<u>626,602</u>	<u>870,063</u>
Retained earnings at the beginning of the year		<u>1,995,137</u>	<u>1,125,074</u>
		1,995,137	1,125,074
Profit for the year		626,602	870,063
Dividends declared and paid		<u>(300,000)</u>	<u>-</u>
Retained earnings at the end of the year		<u>2,321,739</u>	<u>1,995,137</u>

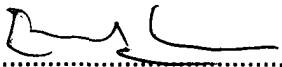
The notes on pages 11 to 26 form part of these financial statements.

TITIAN SOFTWARE LIMITED
REGISTERED NUMBER: 3867924

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	58,222	255,959
Tangible assets	13	110,922	101,941
Investments	14	879	879
		<u>170,023</u>	<u>358,779</u>
Current assets			
Debtors	15	2,102,686	2,264,690
Cash at bank and in hand	16	4,581,322	3,374,578
		<u>6,684,008</u>	<u>5,639,268</u>
Creditors: amounts falling due within one year	17	(4,532,290)	(4,002,908)
Net current assets		<u>2,151,718</u>	<u>1,636,360</u>
Total assets less current liabilities		<u>2,321,741</u>	<u>1,995,139</u>
Net assets		<u><u>2,321,741</u></u>	<u><u>1,995,139</u></u>
Capital and reserves			
Called up share capital	19	2	2
Profit and loss account	20	2,321,739	1,995,137
		<u>2,321,741</u>	<u>1,995,139</u>

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


.....
E C L Wilson
Director

Date: 18 DECEMBER 2018

The notes on pages 11 to 26 form part of these financial statements.

TITIAN SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Titian Software Limited ("the company") provides software development and consultancy services to pharmaceutical and life sciences companies' research and development departments.

The company is a private company limited by shares and is incorporated in England and Wales.

The principal place of business is 2 Newhams Row, London, SE1 3UZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") 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 judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Titian Software Holdings Limited as at 31 March 2018 and these financial statements may be obtained from 2 Newhams Row, London, SE1 3UZ.

2.3 Exemption from preparing consolidated financial statements

The company is a subsidiary of Titian Software Holdings Limited. It is included in the consolidated financial statements of Titian Software Holdings Limited which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue on software and perpetual licences is recognised by reference to the stage of completion of the contract, including work under warranties where part of the contract. As shown in note 3, calculating the stage of completion involves estimating the future time to complete such contracts. In making this judgement, appropriate and prudent adjustments are made to these time estimates based on the company's past experience. For loss-making projects, the anticipated loss is recognised immediately in full.

Revenue on maintenance contracts and annual licenses is recognised over the period that the services are provided.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure is written off to the profit and loss account in the year in which it is incurred unless the director is satisfied in relation to certain development activity as to the technical, commercial and financial viability of such projects. In this situation, the expenditure is deferred and amortised over the period which the company is expected to benefit.

2.6 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.

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:

Furniture, fittings and equipment-	15% to 67% 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 Income and Retained Earnings.

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment (if any).

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions that result in the recognition of financial assets and liabilities.

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities.

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and accrued income, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, loans from fellow group companies and accruals 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.

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. Trade creditors 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.

(iii) Offsetting

Financial assets and liabilities are offset and 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.

TITIAN SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 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.

2.13 Operating leases

Rentals paid under operating leases are charged to the Income Statement 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 period until end of the lease term.

2.14 Pensions

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.

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

TITIAN SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 Annual leave accrual

Employees have an annual leave allowance which they can take at times of their choosing over the year, and the company's year end for the purposes of the annual leave allowance is different from the Statement of Financial Position date. This means that at the Statement of Financial Position date employees may have taken more or less of their annual leave allowance than they have accrued. An asset or liability is recognised in relation to this, measured at the undiscounted salary cost of the future annual leave entitlement at the Statement of Financial Position date.

2.16 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.17 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, 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 reporting 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 Statement of Financial Position 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their estimated useful economic life of 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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

Accrued and deferred income

The calculation of accrued and deferred income for the company's software development projects in progress involves the estimation of significant components of the necessary calculations. These are as follows:

i) Stage of completion

The Company's management make estimations of the number of hours left to complete each individual project. The stage of completion as at the date of each set of financial statements is taken as the proportion of time spent on that project to date compared with the estimate of total time to be spent.

ii) Cost per hour

A value is given to the cost of each hour of time spent on a project by the Company's staff. This estimate is based on the Company's staff salaries and relevant related overhead costs.

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets and note 2.5 for the data relating to the useful economic lives for each class of assets.

4. Turnover

The whole of the turnover is attributable to the provision of software development, licences, subscriptions, support, maintenance and consultancy services to the research and development departments of pharmaceutical and life science companies and of universities and other not for profit entities.

86% of the company's turnover (2017: 86%) is attributable to geographical markets outside the United Kingdom.

54% of the company's turnover (2017: 53%) relates to sales of licences and services, 45% (2017: 46%) relates to support and maintenance contracts and 1% (2017: 1%) relates to the recharge of travel and other expenses to customers.

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	67,145	53,624
Amortisation of intangible assets, including goodwill	197,737	197,738
Exchange differences	28,977	(82,212)
Other operating lease rentals	199,398	182,117
Defined contribution pension cost	230,426	222,473
	230,426	222,473

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	21,500	20,000
Fees payable to the Company's auditor and its associates in respect of:		
All other non-audit services not included above	29,251	32,146
	29,251	32,146

7. Employees

Staff costs, including director's remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	3,459,848	3,357,538
Social security costs	390,011	397,959
Cost of defined contribution scheme	230,426	222,473
	4,080,285	3,977,970

The average monthly number of employees, including the director, during the year was as follows:

	2018 No.	2017 No.
Average Staff	61	63
	61	63

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Director's remuneration

	2018 £	2017 £
Director's emoluments	122,473	116,750
Company contributions to defined contribution pension schemes	21,587	23,350
	<u>144,060</u>	<u>140,100</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2018 £	2017 £
Interest receivable from group companies	10,760	8,243
Other interest receivable	5,245	2,760
	<u>16,005</u>	<u>11,003</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	3,044	104,368
Adjustments in respect of previous periods	50,946	(442,412)
	<u>53,990</u>	<u>(338,044)</u>
Foreign tax		
Foreign tax on income for the year	2,501	4,275
Total current tax	<u>56,491</u>	<u>(333,769)</u>

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>683,093</u>	<u>536,294</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	129,788	107,259
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,864	762
Additional deduction for R&D expenditure	(49,971)	(442,412)
Adjustments to tax charge in respect of prior periods	50,496	-
Deferred tax not recognised	(77,782)	(2,797)
Foreign tax on income	2,501	4,275
Other differences leading to an increase (decrease) in the tax charge	(405)	(856)
Total tax charge for the year	<u>56,491</u>	<u>(333,769)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2018 £	2017 £
Dividends on Ordinary Shares	<u>300,000</u>	<u>-</u>

TITIAN SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Intangible assets

	Develop- ment £
Cost	
At 1 April 2017	593,214
At 31 March 2018	<u>593,214</u>
Amortisation	
At 1 April 2017	337,255
Charge for the year	197,737
At 31 March 2018	<u>534,992</u>
Net book value	
At 31 March 2018	<u>58,222</u>
<i>At 31 March 2017</i>	<u>255,959</u>

TITIAN SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13. Tangible fixed assets

	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2017	160,726	211,394	372,120
Additions	-	76,127	76,127
Disposals	(833)	-	(833)
At 31 March 2018	<u>159,893</u>	<u>287,521</u>	<u>447,414</u>
Depreciation			
At 1 April 2017	124,214	145,966	270,180
Charge for the year on owned assets	17,717	49,428	67,145
Disposals	(833)	-	(833)
At 31 March 2018	<u>141,098</u>	<u>195,394</u>	<u>336,492</u>
Net book value			
At 31 March 2018	<u>18,795</u>	<u>92,127</u>	<u>110,922</u>
At 31 March 2017	<u>36,512</u>	<u>65,428</u>	<u>101,940</u>

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	<u>879</u>
At 31 March 2018	<u>879</u>
 Net book value	
At 31 March 2018	<u>879</u>
<i>At 31 March 2017</i>	<u>879</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Titian Software US Inc	Ordinary	100 %	Sale, support and consultancy services to clients of Titian Software Ltd
Titian Software Poland z.o.o	Ordinary	100 %	Software development, support, maintenance and consultancy services to clients of Titian Software Ltd

The registered office of Titian US Inc is 1500 West Park Drive, Westborough, MA 01581, USA.

The registered office of Titian Software Poland z.o.o is Grabiszynska 241a, 52-234 Wroclaw, Poland.

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Titian Software US Inc	153,533	13,279
Titian Software Poland z.o.o	21,530	13,804
	<u>175,063</u>	<u>27,083</u>

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Debtors

	2018 £	2017 £
Trade debtors	1,045,562	858,368
Amounts owed by group undertakings	261,483	352,673
Other debtors	34,610	23,689
Prepayments and accrued income	761,031	596,013
Tax recoverable	-	433,947
	<u>2,102,686</u>	<u>2,264,690</u>

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>4,581,322</u>	<u>3,374,578</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	141,194	128,637
Amounts owed to group undertakings	188,242	252,854
Corporation tax	21,681	-
Other taxation and social security	90,000	128,564
Other creditors	29,807	9,242
Accruals and deferred income	4,061,366	3,483,611
	<u>4,532,290</u>	<u>4,002,908</u>

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,904,985</u>	<u>1,687,247</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(981,148)</u>	<u>(953,048)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals.

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

20. Reserves

Profit and loss account

Includes all current period retained profits and losses.

21. Pension commitments

The company operates a defined contributions 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 £230,426 (2017: £222,473). Contributions totalling £21,429 (2017: £21,212) were payable to the fund at the Statement of Financial Position date and are included in creditors.

TITIAN SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	184,333	196,161
Later than 1 year and not later than 5 years	214,000	380,000
	<u>398,333</u>	<u>576,161</u>

23. Related party transactions

Where possible the Company has taken advantage of the exemption conferred by section 33.1A of FRS 102 from the requirement to disclose transactions with other wholly owned group undertakings on the grounds that consolidated financial statements are prepared by the immediate parent company and are publicly available.

24. Controlling party

The ultimate parent undertaking is Titian Software Holdings Ltd. The ultimate controlling party is E C L Wilson, a director.