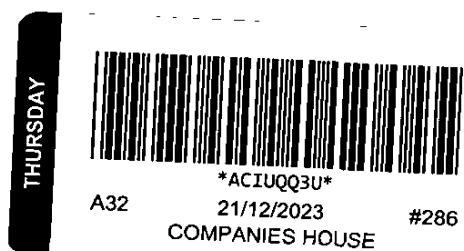


**Company Registration No. 03879877**

**Lumesse Limited**

**Report and Financial Statements**

**31 December 2022**



**Lumesse Limited**

**Report and financial statements 2022**

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## **Lumesse Limited**

### **Report and financial statements 2022**

#### **Officers and professional advisers**

##### **Directors**

Shanna Laughton  
Ryan Courson

##### **Registered Office**

16 St. Johns Lane  
Farringdon  
London  
England  
EC1M 4BS

##### **Bankers**

HSBC plc  
Thames Valley Business Centre  
Apex Plaza  
Reading  
Berkshire  
RG1 1AX

The directors present their strategic report of Lumesse Limited (the "Company") for the year ended 31 December 2022.

Lumesse Limited (03879877) is a private limited company, limited by shares. It was incorporated on 12 November 1999 in England.

#### **Business review and key performance indicators**

The Company has several intra group agreements which have been effective since 4 January 2021:

- A Limited Risk Distribution agreement with Cornerstone OnDemand Limited, which guarantees a percentage return on its external revenue.
- R&D and Intragroup Services agreement with Cornerstone OnDemand Limited which compensates the Company for any R&D or other intragroup activities.
- Intellectual property is licenced to Cornerstone OnDemand Limited which provides an ongoing royalty income.

The Company views revenue as its key performance indicator. Revenue for the financial year ended 31 December 2022 is £8.5m (2021: £9.3m), a decrease on the prior year of 8.6%. The decrease in revenue is due to reduced renewals and upsells partially because of integration into the new group.

#### **Principal risks and uncertainties**

The Company faces a number of risks and attempts to mitigate these wherever possible, the key ones are summarised briefly below.

- By the nature of the business in which it operates, the Company is exposed to technology and technological innovation risks. The Company mitigates this risk by working with the wider group, to take a proactive approach to technological trends, continuously developing its product offering by launching new functionality, new modules and new versions of the product, and where appropriate, making strategic acquisitions and partnerships to enhance its product portfolio.
- Currency exchange rate fluctuations include any fluctuations caused by uncertainties in the political and economic environment including ongoing discussions about Brexit which may continue to cause significant volatility in global financial markets and the value of the British Pound currency against other currencies..

## Lumesse Limited

### Strategic Report Year ended 31 December 2022

#### Financial risk management and policies;

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the British Pound, primarily the Euro and United States dollars. Increases and decreases in our foreign denominated revenue from movements in foreign exchange rates are often partially offset by the corresponding decreases or increases in our foreign-denominated operating expenses.

The business' principal financial instruments comprise of bank balances, trade debtors and trade creditors amounts owed and due to group undertakings. The main purpose of these instruments is to finance the business' operations. Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding as part of the Company credit policy procedures. The amounts presented in the statement of financial position are net of allowances for doubtful debts. Related party balances are payable on demand; the Company have received confirmation of financial support from Cornerstone OnDemand Inc for the next 12 months to meet its financial obligations.

#### Future developments

The Group that this company is part of maintains a dedicated development team and continues to invest in the development of its product offering to ensure product competitiveness.

#### Key performance indicators

The results over the last two years can be summarised as follows:

	2022	2021
	£	£
Turnover	8,548,624	9,316,068
Gross profit	4,775,687	6,035,028
Gross profit margin	56%	65%
Profit/(loss) before tax	18,802,900	19,032,796
Net assets	26,986,773	17,163,983

The directors consider the company's performance against these KPIs to be satisfactory.

#### Statement of the directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006

The directors of the company note that they have a duty to promote the success of the company for the benefit of the company's shareholders, having regard to a number of broader matters including the likely long-term consequences of decisions, and the company's wider relationships. In this regard, the board:

- considers on an annual basis the key business activities and the likely long term consequences of any key decisions including marketing strategies, human capital management, and uses of cash;
- ensures employees are regularly engaged through annual reviews to discuss employee performance as well as periodic pulse surveys on specific engagement topics throughout the year. To promote an open feedback culture, we use our own product, regular employee and managers meetings, and collection of feedback about our leaders through round tables with the Executive leadership
- ensures that the company maintains strong business relationships with suppliers, customers and others; primarily through ongoing discussion with department leaders including purchasing, revenue, and others;
- ensures the company's operations do not have a negative impact on the community and environment. Environmental impact is monitored at the UK level across all fellow group undertakings operating in the UK. Energy use and greenhouse gas emissions are monitored to determine the environmental impact of UK operations. The company continues to maintain energy efficiency actions.
- ensures, through the company's ongoing monitoring and updating of policies and procedures, that the desired high standards of business conduct prevail across all functions.

## **Lumesse Limited**

### **Strategic Report Continued Year ended 31 December 2022**


#### **Stakeholder engagement report**

The Directors continually review all key stakeholder interactions, particular focus is given to maintaining stable customer and third-party relationships. Our business is underpinned by long-term, mutually beneficial customer relationships. The majority of our sales contracts are multi-year arrangements, which we aim to renew in future periods. Additionally, our growth depends in part on the success of our strategic relationships with third parties including indirect sales channels, technology and content providers, and implementation consultants. Further detail on the company's engagement with its stakeholders can be found in the Section 172 statement.

#### **Audit exemption**

For the period ended 31 December 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The intermediate parent Company of the Group, Cornerstone OnDemand Holdings UK Ltd, has provided a written undertaking to provide financial support over the obligations of the Company.

This report was approved by the board of directors and signed on its behalf by:

  
848CC6FCS4D549D  
Shanna Laughton  
Director

December 14, 2023  
Date: .. .. .

## **Lumesse Limited**

### **Directors' Report Year ended 31 December 2022**

The Directors present the report and audited financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company is the design and provision of talent management solutions.

The company is a subsidiary of Cornerstone OnDemand UK Holdings, a holding company registered in the UK having other subsidiaries across the globe and together herein after referred to as the 'CSOD group'.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

##### *Credit risk*

As a limited risk distributor, there is the risk of financial loss to the Company if a customer fails to meet its contractual obligations by failing to settle its trade receivable balance, however because the Company has a targeted return, this risk is mitigated through its transfer pricing relationship.

##### *Foreign currency risk*

The Company is exposed to foreign currency risk due to the impact of changes in foreign exchange rates on its foreign currency intercompany borrowings and lending.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial commitments as they fall due. The group the Company is part of manages liquidity risk through monitoring of cash flows regularly to ensure the Company has sufficient funds to meet its current liabilities as they fall due.

#### **Dividends**

During the year the Company paid dividends of £8,949,212 (2021: £nil).

#### **Research and development**

The Company has licensed its Intellectual Property to Cornerstone OnDemand Limited. However, the Company still maintains a dedicated development team and charges the costs of employees engaged in research and development activities to other group undertakings. As a result, the Company has no net costs for research and development activities for the year (2021: £Nil).

#### **Directors**

The Directors who served the Company during the year and to the date of this report were as follows:

Adam Weiss	(resigned 05 February 2022)
Brandon Ulrich	(resigned 22 April 2022)

Shanna Laughton	(appointed 02 March 2022)
Ryan Courson	(appointed 01 August 2022)

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

#### **Donations**

No donations were made to any political party in the year.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The directors believe this basis of preparation to be appropriate as the parent Company Cornerstone OnDemand Inc. ('Cornerstone') has provided a written undertaking to provide financial support for a period of at least 12 months from the date of this report to enable the Company to meet its obligations as they fall due. This financial support will include (i) not seeking the repayment of amounts advanced to the Company by Cornerstone and/or other members of the Cornerstone Group unless adequate alternative financing has been secured by the Company; and/or (ii) advancing further amounts to the Company as required by the Company. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements. The directors have also reviewed the post-acquisition (note 18) financing arrangement and related covenants and concluded that this would not impact the ability of Cornerstone to honor the letter of support.

## **Lumesse Limited**

### **Directors' Report Continued Year ended 31 December 2022**

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

#### **Future developments**

There are no significant future developments to note.

#### **Streamlined energy and carbon reporting**

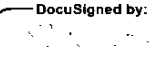
In line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), large unquoted companies and large LLPs are required to adhere to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK Government. To comply with these regulations, the company must report its UK energy use and associated greenhouse gas ('GHG') emissions in its Directors' Report within annual reports effective from 1 April 2019.

The company is a member of qualifying group and has taken exemption from reporting on its emissions, energy consumption or energy efficiency activities as this will be included in the accounts of its parent entity, Cornerstone OnDemand UK Holdings.

#### **Approval**

This report was approved by the board of directors and signed on its behalf by:

Shanna Laughton  
Director

DocuSigned by:  
  
m.84&CC&FC54D549D

## **Lumesse Limited**

### **Directors' Responsibilities Statement Year ended 31 December 2022**

The directors are responsible for preparing the Strategic Report, 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 UK Accounting Standards and applicable law - UK Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, 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.



**Lumesse Limited****Statement of Comprehensive Income  
Year ended 31 December 2022**

		<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Revenue</b>	<b>3</b>	<b>8,548,624</b>	9,316,068
Cost of sales		<b>(3,772,937)</b>	(3,281,040)
<b>Gross profit</b>		<b>4,775,687</b>	6,035,028
Administrative expenses	4, 8, 9	<b>(2,744,570)</b>	(4,021,932)
Other expenses	5	<b>(210,922)</b>	(1,096,394)
Other income	5	<b>17,077,678</b>	18,215,703
<b>Total other operating income</b>	<b>5</b>	<b>16,866,756</b>	17,119,309
<b>Operating profit</b>		<b>18,897,873</b>	19,132,405
Finance income	6	-	-
Finance costs	6	<b>(94,973)</b>	(99,609)
Finance costs - net		<b>(94,973)</b>	(99,609)
<b>Profit before tax</b>		<b>18,802,900</b>	19,032,796
Income tax (charge)/credit	7	<b>(30,898)</b>	-
<b>Profit/ (loss) and total comprehensive income for the year</b>		<b>18,772,002</b>	19,032,796

The notes on pages 10 to 22 are an integral part of these financial statements.

**Lumesse Limited****Statement of financial position  
Year ended 31 December 2022**

		2022 £	2021 £
	<b>Note</b>		
<b>Fixed assets</b>			
Intangible assets	8	116	34,588
Property, plant and equipment	9	120,794	30,148
<b>Current assets</b>			
Amounts due from group undertakings – greater than one year	10	-	12,608,622
Amounts due from group undertakings – less than one year	10	30,949,913	42,124,008
Trade and other receivables – less than one year	11	2,500,828	2,723,619
Cash and cash equivalents		847,120	4,389,745
<b>Current liabilities</b>			
Creditors – amounts falling due after one year	12	(36,339)	(9,357)
Creditors – amounts falling due within one year	12	(4,823,847)	(5,664,296)
Amounts due to group undertakings	13	(2,571,812)	(39,073,094)
<b>Net current assets</b>		<b>26,865,863</b>	<b>17,099,247</b>
<b>Total assets less current liabilities</b>		<b>26,986,773</b>	<b>17,163,983</b>
<b>Net assets</b>		<b>26,986,773</b>	<b>17,163,983</b>
<b>Equity</b>			
Called up share capital	14	1	143,959
Share premium account		-	297,945
Accumulated profit		26,986,772	16,722,079
<b>Total surplus</b>		<b>26,986,773</b>	<b>17,163,983</b>

The notes on pages 10 to 21 are an integral part of these financial statements.

For the financial year in question, the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of financial statements.

The financial statements of Lumesse Limited, registered number 03879877 were approved by the Board of Directors.

Signed on behalf of the Board of Directors

DocuSigned by:

848CC6FC54D549D  
Shanna Laughton  
Director

December 14, 2023  
Date: .....

**Lumesse Limited****Statement of changes in equity  
Year ended 31 December 2022**

	<b>Called up share capital (note 14) £</b>	<b>Share premium account £</b>	<b>Accumulated profit £</b>	<b>Total equity £</b>
At 1 January 2021	143,959	297,945	(2,310,717)	(1,868,813)
(Loss) and total comprehensive income for the year	-	-	19,032,796	19,032,796
<b>At 31 December 2021</b>	<b>143,959</b>	<b>297,945</b>	<b>16,722,079</b>	<b>17,163,983</b>
Profit and total comprehensive income for the year	-	-	18,772,002	18,772,002
Capital reduction	(143,958)	(297,945)	441,903	-
Dividends paid	-	-	(8,949,212)	(8,949,212)
<b>At 31 December 2022</b>	<b>1</b>	<b>-</b>	<b>26,986,772</b>	<b>26,986,773</b>

## **Lumesse Limited**

### **Notes to the financial statements Year ended 31 December 2022**

#### **1. General information**

Lumesse Limited (03879877) is a private limited company, limited by shares. It was incorporated on 12 November 1999 in England. The registered office address is 16 St. Johns Lane, Farringdon, London, England, EC1M 4BS.

The principal activity of the Company is the design and provision of talent management solutions. These financial statements were authorised for issue by the Board.

#### **2. Accounting policies**

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

##### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101), in accordance with The Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of 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 following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7 - Financial Instruments: Disclosures
- Paragraphs 91 to 99 of IFRS 13 – Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraphs 38 of IAS 1 – Presentation of financial statements comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 – Property, plant and equipment
  - paragraph 118(e) of IAS16 – Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS1 – Presentation of financial statements
  - 10(d) - statement of cash flows
  - 10(f) – a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
  - 16 – statement of compliance with all IFRSs
  - 38A – requirement for minimum of two primary statements, including cash flow statements
  - 38B-D – additional comparative information
  - 40A-D – requirements for a third statement of financial position
  - 111 – cash flow statement information
  - 134-136 (capital management disclosures)
- IAS 7 – Statement of cash flows
- Paragraph 30 and 31 of IAS 8 - Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 – Related party disclosures in relation to key management compensation
- The requirements in IAS 24 – Related party disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of the second sentence of paragraph 110 and paragraphs 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 2. Accounting policies (continued)

##### Basis of preparation (continued)

##### Going concern

The financial statements have been prepared on a going concern basis. The directors believe this basis of preparation to be appropriate as the parent Company Cornerstone OnDemand Inc. ('Cornerstone') has provided a written undertaking to provide financial support for a period of at least 12 months from the date of this report to enable the Company to meet its obligations as they fall due. This financial support will include (i) not seeking the repayment of amounts advanced to the Company by Cornerstone and/or other members of the Cornerstone Group unless adequate alternative financing has been secured by the Company; and/or (ii) advancing further amounts to the Company as required by the Company. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements. The directors have also reviewed the post-acquisition (note 18) financing arrangement and related covenants and concluded that this would not impact the ability of Cornerstone to honour the letter of support.

##### New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

##### Revenue from contracts with customers

The Company recognises revenue as the performance obligation is satisfied in an amount that reflects the consideration that it expects to be entitled to using the 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise the revenue as the entity satisfies a performance obligation

The Company enters into contracts with customers that can include various combinations of services which are generally distinct and accounted for as separate performance obligations. As a result, contracts may contain multiple performance obligations. The Company determines whether arrangements are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether the Company's commitment to transfer the product or service to the customer is separately identifiable from other obligations in the contract.

The Company recognises revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration it expects to receive in exchange for these services.

Revenue is allocated amongst these performance obligations in a manner that reflects the consideration that the Company expects to be entitled to for the promised goods or services based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation.

The Company recognises revenue from the following major sources:

##### (i) Subscription revenue

Subscription revenue is recognised using an output method based on time, as the customer receives the benefit over the life of the contract. Billing is predominantly annually or quarterly in advance with typical payment terms of 30 days. Consideration is not variable and there is no significant financing component. The Company has a standard Service Level Agreement that sets out the minimum availability of the solution that the customer has subscribed to.

SaaS arrangements do not include the right of the customer to take possession of the software during the term, and therefore have one distinct performance obligation which is satisfied over time with revenue recognised rateably over the contract term as the customer consumes the services. Revenue is recorded net of any sales taxes.

## **Lumesse Limited**

### **Notes to the financial statements Year ended 31 December 2022**

#### **2. Accounting policies (continued)**

Subscription revenue is predominantly billed annually or quarterly in advance. The performance obligation is satisfied over the length of the subscription. On invoicing, the trade receivable and deferred revenue will both increase. The trade receivable will be extinguished at the point the receivable is settled whilst the deferred revenue will be released to the income statement over the length of the period covered by the billing.

##### **(i) Implementation services**

Implementation revenue is recognised over time, using hours worked as the input method, as the Company provides the service to the customer. Billing is as per milestones set in the contract with typical payment terms of 30 days. Consideration is not variable and there is no significant financing component.

##### **(ii) Learning content revenue**

Learning content revenue is recognised over time, using a straight-line recognition method, as the Company provides the service to the customer. Billing is as per milestones set in the contract with typical payment terms of 30 days. Consideration is not variable and there is no significant financing component.

Implementation services and Learning content revenue are billed based upon the milestones agreed in the contract, whilst the performance obligation is satisfied over the period of implementation based upon the work carried out. The relationship of the performance obligation to the trade receivable depends upon the timing of milestones within the contract.

#### **Contract assets**

Contract assets consist of unbilled receivables and are recorded when revenue is recognised in advance of scheduled billing to customers. The amounts are primarily related to software and service arrangements where transfer of control has occurred, but the Company has not yet invoiced. Contract assets are classified as current or non-current based on the Company's normal operating cycle and are assessed for impairment at each reporting date. They are reported within trade and other receivables.

Assets recognised from the costs incurred to obtain a contract relate to the direct bonuses paid to sales employees as a result of winning contracts. These costs are recognised as an asset in the statement of financial position and are amortised over the average life of a contract.

#### **Deferred revenue**

The Company records amounts that have been invoiced to its customers in accounts receivable and deferred revenue. The Company records revenue once the revenue recognition criteria described above have been met. Deferred revenue that will be recognized during the succeeding twelve-month period from the respective balance sheet date is recorded as current deferred revenue and the remaining portion is recorded as non-current.

#### **Capitalisation of costs to obtain or fulfil a contract**

The Company capitalises direct and incremental costs incurred to acquire contracts, primarily sales commissions, for which the associated revenue is expected to be recognised in future periods. The Company incurs these costs with both initial contracts and renewals. These costs are initially deferred and amortised over the term of the customer contract which corresponds to the period of benefit. These costs are reported within trade and other receivables.

#### **Other operating income**

The income received relates to compensation for costs incurred in performance of services provided for other group companies, it is recognised on the accruals basis.

#### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment in value. Historical cost includes the expenditure that is directly attributable to the acquisition of the assets. All repairs and maintenance are recognised in the income statement during the financial period in which they are incurred.

Depreciation is provided to write off the cost less the estimated residual value based on prices at the balance sheet date on the following bases:

Short-term leasehold improvements	-	over the period of the lease
Fixtures and fittings and equipment	-	straight-line over 3-5 years

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 2. Accounting policies (continued)

Useful economic lives and residual values are assessed annually.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

#### Research and development costs

Research costs are expensed in the profit and loss account as incurred. Prior to 2019, development expenditures, on an individual project, are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

On 4 January 2021, Lumesse Limited entered into an agreement with Cornerstone Ondemand Limited to licence the Intellectual Property and the Product and Services in exchange for which The Company received a royalty payment.

The company does not capitalize development expenditure as it is compensated for it.

#### Intangible assets: Other

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are held at cost less accumulated amortisation. Intangible assets are amortised on a straight-line basis over their useful economic lives, which are reassessed annually together with any assessment of residual value. The useful lives of these intangible assets are assessed based on the expected period that benefits accrue to the Company. Amortisation is charged as a separate line item within depreciation and amortisation in the profit and loss account.

Other intangible assets are amortised on a straight-line basis over their estimated useful life as follows

Software licenses	3 to 5 years
-------------------	--------------

The residual value is considered to be nil.

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Pension cost

All pension agreements are defined contribution plans. For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Income tax

The charge for current taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed, based on tax rates that are enacted or substantively enacted at the reporting date.

## **Lumesse Limited**

### **Notes to the financial statements**

#### **Year ended 31 December 2022**

##### **2. Accounting policies (continued)**

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognised directly in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity respectively. Otherwise income tax is recognised in the income statement.

##### **Foreign currencies**

The Company's financial statements are presented in Sterling, which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

##### **Financial Instruments**

The Company recognises a financial asset or a financial liability in the statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method.

Interest income from these financial assets (amounts due from group undertakings) is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating (expenses)/income together with foreign exchange gains and losses.

Interest expense from these financial liabilities (amounts due to group undertakings) is included in finance expense using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating (expenses)/income together with foreign exchange gains and losses.

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For amounts due from group undertakings, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For trade receivables, the Company applies the simplified approach



## **Lumesse Limited**

### **Notes to the financial statements Year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **Financial Instruments (continued)**

permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables – refer accounting policy on trade and other receivables.

The Company does not have any financial assets measured at fair value.

##### **Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

##### **Trade and other receivables**

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

##### **Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

##### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

##### **Significant critical accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management have considered all estimates in the preparation of these financial statements and considered none of them to be critical.

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 2. Accounting policies (continued)

##### *Material judgment regarding deferred tax.*

In the current year, it is not considered probable that there will be sufficient future taxable profit against which the taxable loss carry-forward can be utilised based on the combined UK tax loss group with legacy Cornerstone and Lumesse entities and as a result, the potential deferred tax asset has been derecognised.

#### 3. Revenue

The Company reviews its contracts with customers and disaggregate them into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's revenue can be classified into subscription, services, and learning content.

Customer agreements generally do not contain any cancellation or refund provisions other than in the event of our default.

##### Revenue from contracts with customers

	2022	2021
	£	£
Subscription	8,322,513	8,708,102
Services	165,719	595,113
Learning content	60,392	12,853
<b>Total revenue from contracts with customers</b>	<b>8,548,624</b>	<b>9,316,068</b>

##### Revenue by geographical area

	2022	2021
	£	£
United Kingdom	7,479,685	8,133,952
North America	213,165	57,413
EMEA	855,774	1,124,703
	<b>8,548,624</b>	<b>9,316,068</b>

The movement in contract assets and liabilities during the year is set out in the table below:

	Contract assets - Accrued income	Contract liabilities - Deferred revenue
	£	£
<b>At the beginning of the year</b>	1,238	2,532,630
Released on satisfaction of performance obligation	-	(8,598,967)
Currency adjustment	-	43,171
Billed	(1,238)	8,882,935
<b>At 31 December 2022</b>	<b>-</b>	<b>2,859,769</b>

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 3. Revenue (continued)

Assets recognised from costs to fulfil a contract:

	2022	2021
	£	£
Assets recognised from costs to fulfil a contract at 31 December	675,388	720,398
Amortisation recognised as cost of providing service during the year	(332,494)	(414,566)
	<b>342,894</b>	<b>305,832</b>

#### 4. Staff costs

Staff costs were as follows:

	2022	2021
	£	£
Wages and salaries	2,259,906	2,726,600
Social security costs	283,348	303,221
Other pension costs	97,722	240,364
	<b>2,640,976</b>	<b>3,270,185</b>

All pension costs are in respect of defined contribution schemes (Note 15).

The average number of full-time equivalent employees was as follows:

	2022	2021
	No.	No.
	<b>29</b>	<b>35</b>

The directors, who are considered to be the key management personnel, did not receive any remuneration from the company (2021: £nil). The directors are remunerated by a fellow group undertaking. The company is unable to separately identify the proportion of the remuneration receivable from the parent undertaking that is attributable to their services performed in the company.

#### 5. Other operating (expense)/income

Other operating (expenses):

	2022	2021
	£	£
Other costs	(313,746)	(758,202)
Sales and marketing costs	(20,652)	(1,384)
Consulting and legal costs	(406,166)	(348,788)
Bad debt provision release/ (charge)	8,981	13,303
Reimbursed employee expenses	(37,085)	(8,521)
Foreign exchange profits/(losses)	557,746	7,199
	<b>(210,922)</b>	<b>(1,096,394)</b>

Other operating income:

	2022	2021
	£	£
Transfer pricing income	17,077,678	18,215,703
	<b>17,077,678</b>	<b>18,215,703</b>

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 6. Finance income and costs

	2022	2021
	£	£
Interest income from other group companies	-	-
Interest cost to other group companies	94,973	(99,609)
<b>Finance costs - net</b>	<b>94,973</b>	<b>(99,609)</b>

#### 7. Income tax credit

	2022	2021
	£	£
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		-
Adjustments in respect of prior periods	30,898	
<b>Current tax</b>	<b>30,898</b>	
<b>Deferred tax</b>		
Derecognition/(recognition) of deferred tax asset		-
<b>Tax on profit</b>	<b>30,898</b>	<b>-</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher (2019: lower than) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£	£
Profit before taxation	18,802,899	19,032,796
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	3,572,551	3,616,231
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	860	56,864
Non-deductible interest		24,409
Depreciation for year in excess of capital allowances		(255,677)
Short term timing differences leading an increase/(decrease) in taxation		-
Non-taxable income		-
Losses brought forward and offset in the current year		-
<b>Group relief</b>	<b>(3,303,461)</b>	<b>(3,441,827)</b>
Adjustments in respect of prior periods	30,898	-
Effects of changes in tax rate		-
Derecognition/(recognition) of deferred tax asset	(269,949)	-
<b>Total tax charge for the year</b>	<b>30,898</b>	<b>-</b>

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 7. Income tax credit (continued)

##### Factors that may affect future tax charges

The current year tax rate remains the same as the prior year, 19%.

Deferred tax assets and liabilities have been calculated using 25% (2021: 25%) as this is the rate at which deferred tax is expected to unwind in the future. A deferred tax asset of approximately £11,554,655 (2021: £10,221,761) relating to tax losses carried forward has not been recognised as there is uncertainty over its recoverability.

In the Spring Budget 2021, the Government announced measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is effective from 1 April 2023.

#### 8. Intangible assets

	Developed technology £	Software licences £	Total £
<b>Cost:</b>			
At 1 January 2022	10,106,680	1,332,068	11,438,748
Disposals		(67,623)	(67,623)
<b>At 31 December 2022</b>	<b>10,106,680</b>	<b>1,264,445</b>	<b>11,371,125</b>
<b>Accumulated amortisation:</b>			
At 1 January 2022	(10,103,854)	(1,300,306)	(11,404,160)
Charge for the year	(2,826)	(31,646)	(34,472)
Disposals		67,623	67,623
<b>At 31 December 2022</b>	<b>(10,106,680)</b>	<b>(1,264,329)</b>	<b>(11,371,009)</b>
<b>Net book value:</b>			
<b>At 31 December 2022</b>	<b>-</b>	<b>116</b>	<b>116</b>
At 31 December 2021	2,826	31,762	34,588

## Lumesse Limited

### Notes to the financial statements Year ended 31 December 2022

#### 9. Property, plant and equipment

	Fixtures and fittings £	Total £
<b>Cost:</b>		
At 1 January 2022	1,334,449	1,334,449
Additions	159,768	159,768
Disposals	(280,476)	(280,476)
Loss on disposal	-	-
<b>At 31 December 2022</b>	<b>1,213,741</b>	<b>1,213,741</b>
<b>Accumulated depreciation:</b>		
At 1 January 2022	(1,304,301)	(1,304,301)
Charge for the year	(69,122)	(69,122)
Disposals	280,476	280,476
<b>At 31 December 2022</b>	<b>(1,092,947)</b>	<b>(1,092,947)</b>
<b>Net book value:</b>		
<b>At 31 December 2022</b>	<b>120,794</b>	<b>120,794</b>
At 31 December 2021	30,148	30,148

#### 10. Amounts due from group undertakings

	2022	2021
	£	£
Amounts due from group undertakings greater than one year	-	12,608,622
Amounts due from group undertakings less than one year	30,949,913	42,124,008
	<b>30,949,913</b>	<b>54,732,630</b>

Amounts due from group undertakings are unsecured, interest free and have no fixed repayment terms.

#### 11. Trade and other receivables

##### Trade and other receivables – less than one year:

	2022	2021
	£	£
Trade receivables	1,390,363	1,336,609
Add/(Less) allowance for expected credit losses	(33,994)	(81,039)
<b>Net trade receivables</b>	<b>1,356,369</b>	<b>1,255,570</b>
Current tax asset	-	30,898
Contract asset – Accrued income	-	1,238
Asset recognised for costs incurred to fulfil a contract – less than one year	299,706	442,932
Asset recognised for costs incurred to fulfil a contract – greater than one year	375,682	277,467
Prepayments and other receivables	469,071	715,514
<b>Total trade and other receivables – less than one year</b>	<b>2,500,828</b>	<b>2,723,619</b>

Trade receivables are non-interest bearing and on average have thirty to sixty-day settlement terms.

As at 31 December 2022, trade receivables at nominal value of £33,994 (2021 £81,039) were impaired and provided for.

## Lumesse Limited

### Notes to the financial statements

#### Year ended 31 December 2022

#### 12. Creditors – amounts falling due after one year

	2022	2021
	£	£
Deferred revenue – Long term	36,339	9,357
	<u>36,339</u>	<u>9,357</u>

#### Creditors – amounts falling due within one year

	2022	2021
	£	£
Trade payables	506,668	274,445
Contract liabilities - Deferred revenue	2,823,430	2,523,274
Current tax liabilities	-	-
Accruals	1,072,801	1,289,997
Other taxes and social security	419,629	1,553,958
Other creditors	1,319	22,622
	<u>4,823,847</u>	<u>5,664,296</u>

#### 13. Amounts due to group undertakings

	2022	2021
	£	£
Amounts due to group undertakings less than one year	2,571,812	39,073,094
	<u>2,571,812</u>	<u>39,073,094</u>

Included in amounts due to group undertakings are £2.5m (2021: £2.3m) of unsecured loans with no fixed repayment dates that accrue interest at Euribor +4.5% (2021: Euribor +4.5%). All other amounts due to group undertakings are unsecured, interest free and have no fixed repayment terms.

#### 14. Called up share capital

	2022	2021
	£	£
<b>Allotted, called up and fully paid</b>		
133 ordinary shares of £0.0075 (2021: 19,194,508 ordinary shares of £0.0075 each)	1	143,959

During the year, the Company reduced its issued share capital by special resolution.

#### 15. Reserves

##### Called up share capital

The share capital records the nominal value of shares issued and paid up.

##### Share premium

The share premium account represents the premium paid on issue of ordinary shares in excess of their nominal value.

##### Profit and loss account

Cumulative profit and loss of the company net of distributions to owners, and capital contributions from owners.

#### 16. Pensions

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 £97,722 (2021: £240,364) (Note 4). Pension contributions outstanding at the year-end were £ Nil (2021: £ 19,164).

## **Lumesse Limited**

### **Notes to the financial statements**

#### **Year ended 31 December 2022**

##### **17. Ultimate parent undertaking and controlling party**

The Company is a wholly owned indirect subsidiary of Cornerstone OnDemand UK Holdings Limited a company incorporated in the United Kingdom and also the smallest consolidated group as at 31 December 2022. The consolidated financial statements are filed with Companies House Cardiff, UK with the company registration number 10592838.

Cornerstone OnDemand UK Holdings Limited is a wholly owned direct subsidiary of Cornerstone OnDemand, Inc a company registered in the United States of America (USA). Cornerstone OnDemand, Inc is a wholly owned indirect subsidiary of Sunshine Software Holdings, Inc. a company registered in the United States of America (USA). Sunshine Software Holdings, Inc is controlled by CCG Global LLC, a limited liability company incorporated in the state of Delaware, United States of America, registration number: 7178411; registered address, 251 Little Falls Drive, Wilmington, New Castle, DE 19808, United States of America.

##### **18. Contingent Liability**

The company is a member of a VAT group and all the members of the group are jointly and severally liable for any VAT debts. The amount payable by the VAT group at 31 December 2022 was £660,660 (2021: £1,196,318).

##### **19. Post balance sheet events**

In 2023, some subsidiaries in the CSOD group which the Company is a part of were liquidated or merged with other subsidiaries within the group. This was part of the Legal Entity Rationalisation (LER) project to streamline the corporate structure of the CSOD group. The directors do not expect any consequential material changes to the organisation as a whole.