

**Alcumus Info Exchange Limited**

**Annual report and financial statements**

**Registered number 04111074**

**For the year ended 31 December 2017**

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## Contents

Company information	1
Strategic Report	2
Directors' report	4
Statement of directors' responsibilities	5
Independent auditor's report to the members of Alcumus Info Exchange Limited	6
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes	11

## Company Information

### Directors

A Neill  
K Coveney (resigned 19 April 2018)  
A Franklin

### Secretary

Mitre Secretaries Limited

### Registered office

Axys House  
Heol Crochendy, Parc Nantgarw  
Cardiff  
CF15 7TW

### Registered number

04111074 (England and Wales)

### Auditor

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

### Bankers

HSBC Bank plc  
Thames Valley Corporate Banking Centre  
5<sup>th</sup> Floor  
Apex Plaza  
Reading  
RG1 1AX

## Strategic Report

The directors present their strategic report of Alcumus Info Exchange Limited (the "company") for the year ended 31 December 2017.

### Business review

Trading was strong in the year with turnover increasing by 21% over the prior year. As part of the Alcumus Group, the UK's market-leading provider of technology-enabled business assurance and compliance risk management solutions, the company is well placed to realise commercial synergies through sharing of infrastructure, clients and cross selling initiatives. In 2018, growth in new customers, upsell of existing customers, and continued growth in hosting, licensing and support is expected.

Corporate simplification was undertaken in 2017 by the Alcumus Group to transfer the cost of investments in subsidiaries between companies and to liquidate non-trading entities. This necessitated dividend, share capital, inter-company and cost of investment entries in companies within the group. The company paid a £2,000,000 dividend to another group undertaking.

The company's profit on ordinary activities before taxation was £1,153,745 for the year ended 31 December 2017 (2016: £602,471). The company's profit for the financial year was £1,272,330 (2016: £478,805), which will be transferred to reserves.

As presented the balance sheet shows net current assets of £2,117,562 (2016: £2,933,744). Within creditors falling due within one year is of £778,361 (2016: £220,538) of deferred income. Deferred income does not represent a future cash commitment but advanced invoicing of customers. When considering the ability of the business to meet its short term cash requirements the balance of deferred income should be added back to net current assets. This results in net current assets before deferred income of £2,895,923 (2016: £3,154,282).

### Principal risk and uncertainties

The execution of the company's strategy is subject to a number of risks and uncertainties, principal among these is the risk of reduced demand for compliance services as a result of adverse changes in the regulatory or commercial environment. In mitigation of this risk the company keeps under continuous review the relevance of its products and services to the prevailing regulatory and commercial environment.

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate cash flow risk.

#### *Price risk*

As a consultancy practice the company's cost base is dominated by staff costs and the costs of associates. Accordingly it is not significantly exposed to commodity price risk as a result of its operations.

#### *Liquidity risk*

The company manages its liquidity to ensure the company has sufficient available funds for operations and planned expansions.

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is kept under continual review in the light of payment history and trading volumes.

#### *Interest rate cash flow risk*

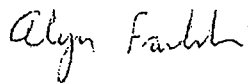
The company has interest bearing assets but no interest-bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at variable rates.

## Strategic Report *(continued)*

### Financial key performance indicators

The directors monitor the turnover and gross profit margin of the company, as well as operating expenses and operating profit. Turnover in the year increased to £3,644,169 (2016: £3,001,791), for the reasons described above. Gross profit margin was 84% (2016: 88%), which is a slight deterioration against prior year. Administrative expenses were £1,900,953 (2016: £2,052,055), the decrease was primarily driven by a reduction in staff costs. Operating profit was £1,153,745 (2016: £602,471).

By order of the board



A Franklin  
Director

Axys House  
Heol Crochendy  
Parc Nantgarw  
Cardiff, CF15 7TW  
18 September 2018

## Directors' Report

The directors present their annual report and the audited financial statements of Alcumus Info Exchange Limited ("the company") for the year ended 31 December 2017.

### Principal activities

The principal activity of the company is the provision of SaaS risk management and business process software designed for web use by any organisation.

### Results and dividends

The profit for the financial year amounted to £1,272,330 (2016: £478,805). A dividend of £2,000,000 was paid during the year as part of corporate group simplification (2016: £nil).

### Directors

The directors who served during the year and up to the date of signing the financial statements were:

A Neill  
K Coveney (resigned 19 April 2018)  
A Franklin

### Future developments

The company traded strongly in 2017 and it is expected that this will continue for the foreseeable future.

### Qualifying third party and pension indemnity provisions

Professional indemnity cover for the purpose of the Companies Act 2006 has been taken out with a reputable insurance broker. This was in force during the financial year and up to the date of signing the financial statements.

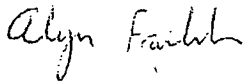
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Franklin  
Director

Axys House  
Heol Crochendy  
Parc Nantgarw  
Cardiff, CF15 7TW

18 September 2018

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period. In preparing the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCUMUS INFO EXCHANGE LIMITED**

## **Opinion**

We have audited the financial statements of Alcumus Info Exchange Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCUMUS INFO EXCHANGE LIMITED (continued)

### Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

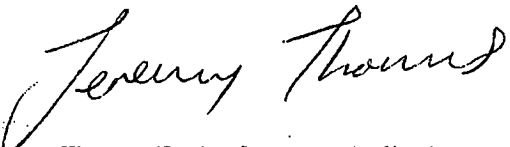
### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

  
Jeremy Thomas (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

19/9/2018

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
Turnover	3	3,644,169	3,001,791
Cost of sales		(589,471)	(347,265)
<b>Gross profit</b>		<b>3,054,698</b>	<b>2,654,526</b>
Administrative expenses	4	(1,900,953)	(2,052,055)
<b>Profit before tax</b>		<b>1,153,745</b>	<b>602,471</b>
Tax on profit	7	118,585	(123,666)
<b>Profit for the year, being total comprehensive income for the year</b>		<b>1,272,330</b>	<b>478,805</b>

The notes form part of these financial statements

**Balance Sheet**  
*at 31 December 2017*

	Note	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		130,206		40,425
<b>Current assets</b>					
Debtors: amounts falling due within one year	9	4,567,573		7,087,611	
Cash at bank and in hand		96,860		103,358	
		<u>4,664,433</u>		<u>7,190,969</u>	
Creditors: amounts falling due within one year	10	(2,546,871)		(4,257,225)	
<b>Net current assets</b>			2,117,562		2,933,744
<b>Total assets less current liabilities</b>			<u>2,247,768</u>		<u>2,974,169</u>
Provisions	11		(1,269)		-
<b>Net assets</b>			<u>2,246,499</u>		<u>2,974,169</u>
<b>Capital and reserves</b>					
Called up share capital	12		200		200
Share based payment reserve	12		155,172		155,172
Profit and loss account			2,091,127		2,818,797
<b>Shareholder's funds</b>			<u>2,246,499</u>		<u>2,974,169</u>

These financial statements were approved by the board of directors on 18 September 2018 and were signed on its behalf by:

*Alyn Franklin*

**A Franklin**  
Director

Company registered number: 04111074

The notes form part of these financial statements

**Statement of Changes in Equity**  
*for the year ended 31 December 2017*

	<b>Called up share capital £</b>	<b>Share-based payment reserve £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2016	200	155,172	2,339,992	2,495,364
<b>Comprehensive income for the financial year</b>				
Profit for the financial year	-	-	478,805	478,805
<b>Total comprehensive income for the financial year</b>	-	-	478,805	478,805
<b>At 31 December 2016</b>	<b>200</b>	<b>155,172</b>	<b>2,818,797</b>	<b>2,974,169</b>
Balance at 1 January 2017	200	155,172	2,818,797	2,974,169
<b>Comprehensive income for the financial year</b>				
Profit for the financial year	-	-	1,272,330	1,272,330
<b>Total comprehensive income for the financial year</b>	-	-	1,272,330	1,272,330
<b>Transactions with owners, recorded directly in equity</b>				
Dividends paid	-	-	(2,000,000)	(2,000,000)
<b>Total transactions with owners, recorded directly in equity</b>	-	-	(2,000,000)	(2,000,000)
<b>At 31 December 2017</b>	<b>200</b>	<b>155,172</b>	<b>2,091,127</b>	<b>2,246,499</b>

The notes form part of these financial statements

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Alcumus Info Exchange Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK, the company's registered number is 04111074 and the registered office address is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Alcumus Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Alcumus Group Limited are available to the public and may be obtained from Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Alcumus Group Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The Company has a strong balance sheet, with net current assets of £2,117,562 and net assets of £2,246,499. Furthermore, the forecasts for the next twelve months indicate that the Company will meet its obligations as they fall due and for at least twelve months from the date of approval of the financial statements.

Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Leasehold improvements	-	5 years
Plant and machinery	-	3 years
Motor vehicles	-	4 years
Fixtures and fittings	-	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Impairment excluding deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.7 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Turnover

Turnover 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. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 1.9 Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.10 Related party transactions

The company has taken advantage of the exemption under FRS 102 from disclosing transactions with members of the same group that are wholly owned.



## Notes (continued)

### 1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 1.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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

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

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

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

## Notes (continued)

### 3 Turnover

The whole of the turnover is attributable to the company's principal activity, which is a single class of business.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,542,208	2,923,637
Rest of the World	101,961	78,154
	<u>3,644,169</u>	<u>3,001,791</u>

### 4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £	2016 £
Depreciation of tangible fixed assets	21,007	10,665
Operating lease charges	39,667	34,000
Impairment of debtors	(18,000)	8,598
	<u></u>	<u></u>

#### Auditor's remuneration

	2017 £	2016 £
Audit of the company's financial statements	10,000	8,000
	<u></u>	<u></u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Alcumus Group Limited.

### 5 Staff numbers and costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	947,043	809,061
Social security costs	106,969	80,447
Contributions to defined contribution plans	23,734	17,953
	<u>1,077,746</u>	<u>907,461</u>

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

	2017 Number	2016 Number
Consultants	15	15
Selling and administration	4	3
Management	3	3
	<u>22</u>	<u>21</u>

**Notes (continued)**

**6 Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	126,688	105,300
Company contributions to defined contribution pension schemes	9,650	-
	<u>136,338</u>	<u>105,300</u>

Certain directors of the company were paid by other members of the group of which the company is a member. Amounts receivable by these directors in respect of services provided to the company were estimated to be £47,000 (2016: £40,000).

**7 Taxation**

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax	-	120,778
Adjustments in respect of previous periods	(120,735)	2,993
<b>Total current tax</b>	<u>(120,735)</u>	<u>123,771</u>

<i>Deferred tax</i>		
Adjustments in respect of previous periods	1,166	99
Origination and reversal of timing differences	1,115	(284)
Tax rate changes	(131)	80
<b>Total deferred tax</b>	<u>2,150</u>	<u>(105)</u>

<b>Total tax (all recognised in the Profit and Loss Account)</b>	<u>(118,585)</u>	<u>123,666</u>
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**Reconciliation of effective tax rate**

	2017 £	2016 £
Profit on ordinary activities before tax	1,153,745	602,471
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	222,096	120,494
<i>Effects of:</i>		
Expenses not deductible for tax purposes	318	-
Group relief	(221,299)	-
Adjustments to tax charge in respect of prior periods	(119,569)	3,092
Effective tax rate changes	(131)	80
<b>Total tax</b>	<u>(118,585)</u>	<u>123,666</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax balance at 31 December 2017 has been calculated based on these rates.

## Notes (continued)

### 8 Tangible assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2017	18,848	56,616	59,634	57,822	192,920
Additions	47,688	-	49,563	13,537	110,788
<b>At 31 December 2017</b>	<b>66,536</b>	<b>56,616</b>	<b>109,197</b>	<b>71,359</b>	<b>303,708</b>
<b>Accumulated depreciation</b>					
Balance at 1 January 2017	18,848	56,616	26,921	50,110	152,495
Charge for the year	1,670	-	15,527	3,810	21,007
<b>At 31 December 2017</b>	<b>20,518</b>	<b>56,616</b>	<b>42,448</b>	<b>53,920</b>	<b>173,502</b>
<b>Net book value</b>					
At 31 December 2017	46,018	-	66,749	17,439	130,206
At 31 December 2016	-	-	32,713	7,712	40,425

Included within motor vehicles are vehicles which are held on finance lease. The lease liability for these vehicles is held in Alcumus Holdings Limited, this liability having been recharged through intercompany accounts during the year.

The depreciation charge and net book value of assets held under finance leases or higher purchase agreements, included above, are as follows:

	2017 £	2016 £
<b>Motor Vehicles</b>		
Depreciation charge in year	15,527	7,544
Net book value	66,749	32,713

### 9 Debtors

	2017 £	2016 £
Trade debtors	1,216,572	531,400
Amounts owed by group undertakings	3,272,078	6,518,993
Other debtors	14,964	14,964
Prepayments and accrued income	63,959	21,373
Deferred tax	-	881
	<b>4,567,573</b>	<b>7,087,611</b>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**Notes (continued)**

**10 Creditors: amounts falling due within one year**

	2017 £	2016 £
Trade creditors	66,861	6,223
Amounts owed to group undertakings	1,592,047	3,529,247
Corporation tax	3,036	123,771
Taxation and social security	47,879	268,935
Other creditors	10,288	10,113
Accruals	48,399	98,398
Deferred Income	778,361	220,538
	<u>2,546,871</u>	<u>4,257,225</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**11 Provisions**

	(Asset)/liability £
At 1 January 2017	(881)
Charged to the profit and loss account	2,150
At 31 December 2017	<u>1,269</u>

The deferred taxation liability/(asset) is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	1,672	(756)
Other timing differences	(403)	(125)
	<u>1,269</u>	<u>(881)</u>

## Notes (continued)

### 12 Share capital and reserves

	2017	2016
<i>Share capital</i>	£	£
Allotted, called up and fully paid		
200 (2016: 200) Ordinary shares of £1 (2016: £1) each	200	200

#### *Share-based payment reserve*

The share-based payment reserve represents accumulated costs of share based payments recorded in the Statement of Comprehensive Income but which do not result in a liability and so are added back in reserves.

Certain senior employees of the group, including directors of the Company, participated in long-term incentive plans which offer an element of share-based compensation for the employees' services.

During 2015 the employees became eligible to sell their shares for an amount calculated by reference to, inter alia, the incremental improvement in financial performance of relevant group operating units since the start of employment of the individuals.

### 13 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	£	£
Less than one year	71,000	34,000
Between one and five years	279,833	34,000
	<u>350,833</u>	<u>68,000</u>

During the year, £39,667 was recognised as an expense in respect of operating leases (2016: £34,000).

### 14 Parent undertaking and controlling party

The company's immediate parent undertaking is Alcumus Holdings Limited. The ultimate parent undertaking is Alcumus Group Limited, as there is no ultimate controlling party. Funds managed by Inflexion Private Equity Partners LLP have an economic interest of 80% in the equity share capital of Alcumus Group Limited as at 31 December 2017.

The only group in which the results of the Company are consolidated is that headed by Alcumus Group Limited. The consolidated financial statements of Alcumus Group Limited are available to the public and may be obtained from Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW