

# QinetiQ Commerce Decisions Limited

(Registered Number 4157081)

Directors' report and  
financial statements  
for the year ended 31 March 2013



## Contents

	Page
Directors' report	1
Statement of Directors' responsibilities	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

# **QinetiQ Commerce Decisions Limited**

## **Directors' report**

The Directors present their Directors' report and the audited financial statements for the year ended 31 March 2013

### **Principal Activity**

The Company provides software consultancy and supply

### **Business Review**

The profit on ordinary activities before taxation was £888k (2012 £1,082k)

### **Research and development**

The Company invests in the potential commercialisation opportunities of promising technologies across all areas of its business

### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the period ended 31 March 2013 (2012 £nil)

### **Policy and practice on payment of suppliers**

The policy of the Company is to agree terms of payment prior to commencing trade with a supplier and to abide by those terms based on the timely submission of satisfactory invoices. At 31 March 2013 the trade creditors of the Company represented 24 days of annual purchases (2012 33 days)

### **Directors**

The Directors who held office during the year and to the date of approval of the financial statements were

Adam Palser  
Kim Kerbey  
Steve Boughton

### **Political and charitable contributions**

The Company made no political contributions during the year or in the prior year. Donations to UK charities amounted to £nil (2012 £nil).

### **Employees**

The Company is an equal opportunities employer and is committed to a workplace free of discrimination. This is reflected in the way the Company recruits, hires, trains and promotes, and provides conditions of employment. We are committed to the fair treatment of people with disabilities in relation to applications, training, promotion and career development.

### **Environment**

The Company's operations do not involve any significant environmental impact other than waste, power consumption and travel. The Company ensures that it complies with environmental best practice to reduce any impacts resulting from these activities, including waste recycling, minimisation of power consumption through good working practices, and encouraging shared travel or public transport wherever possible.

## **QinetiQ Commerce Decisions Limited**

### **Directors' report (continued)**

#### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' report confirm that as far as they are each aware there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board

A handwritten signature in black ink, appearing to read 'K. Kerbey', with a stylized flourish at the end.

**Kim Kerbey**

Director

Cody Technology Park, Farnborough  
Hampshire, GU14 0LX

5 September 2013

## **QinetiQ Commerce Decisions Limited**

### **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

# **QinetiQ Commerce Decisions Limited**

## **Independent auditor's report to the members of QinetiQ Commerce Decisions Limited**

We have audited the financial statements of QinetiQ Commerce Decisions Limited for the year ended 31 March 2013 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

**Shaun Kirby (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square

London, E14 5GL

6 September 2013

## **QinetiQ Commerce Decisions Limited**

### **Profit & loss account**

**For the year ended 31 March**

	Notes	<b>2013 £'000</b>	<b>2012 £'000</b>
Turnover		<b>3,134</b>	<b>3,078</b>
Cost of sales		(144)	(44)
<b>Gross profit</b>		<b>2,990</b>	<b>3,034</b>
Operating expenses		(2,154)	(2,007)
<b>Operating profit</b>	2	<b>836</b>	<b>1,027</b>
Finance income (net)		52	55
<b>Profit on ordinary activities before taxation</b>		<b>888</b>	<b>1,082</b>
Taxation on profit on ordinary activities	3	(1)	(9)
<b>Profit for the financial year</b>		<b>887</b>	<b>1,073</b>

No note of historical cost profits has been prepared as the historical cost profits and losses are not materially different to those detailed in the above profit and loss account. There are no other recognised gains and losses

All amounts derive from continuing operations

The notes on pages 7 to 14 form part of these financial statements

# QinetiQ Commerce Decisions Limited

## Balance Sheet As at 31 March

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Intangible assets	6	570	594
Tangible assets	7	-	14
		<b>570</b>	<b>608</b>
<b>Current assets</b>			
Debtors	8	9,599	7,360
Cash at bank and in hand		1,630	1,398
		<b>11,229</b>	<b>8,758</b>
<b>Creditors: amounts falling due within one year</b>	9	(4,112)	(2,566)
<b>Net current assets</b>		<b>7,117</b>	<b>6,192</b>
<b>Net assets</b>		<b>7,687</b>	<b>6,800</b>
<b>Capital and reserves</b>			
Called-up share capital	10	-	-
Share premium account	11	298	298
Profit and loss account	12	7,389	6,502
<b>Equity Shareholders' funds</b>	13	<b>7,687</b>	<b>6,800</b>

The notes on pages 7 to 14 form part of these financial statements

The financial statements of QinetiQ Commerce Decisions Limited (Company number 04157081) were approved by the Directors on 5 September 2013 and signed by:



**Kim Kerbey**  
Director



# **QinetiQ Commerce Decisions Limited**

## **Notes to the financial statements**

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention rules

The Company has taken the exemption under s400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements. Accordingly these financial statements present information about the Company as an individual undertaking and not as a group

#### **Cash flow statement**

The Company is exempt under FRS1 from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements

#### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

#### **Related party disclosures**

As the Company is a wholly owned subsidiary of QinetiQ Group plc the Company has taken advantage of the exemption contained in FRS 8 and not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of QinetiQ Group plc, within which this Company is included, can be obtained from the address given in note 14.

#### **Turnover**

Turnover is stated net of value added and other sales taxes and represents the value of work performed for customers, measured on the following bases

- turnover from fixed price contracts is recognised in proportion to the value of the work performed and includes attributable profit. Depending on the nature of the contract, revenue is recognised as contractually agreed-upon milestones are reached, as units are delivered or as the work progresses,
- turnover on cost plus and time and materials contracts is recognised as work is performed,
- limited licences are granted for a specified time period or geographic region or specific application and revenue is recognised on a straight line basis over the period of the licence. Perpetual licences are granted for unspecified applications, unlimited geographic regions or unlimited time frames and are recognised when the risks and rewards of ownership are transferred to the customer

Profit on the supply of professional services on cost plus or time and materials contracts is recognised as the work is performed. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value. Losses on completion are recognised in full as soon as they are reasonably foreseen

# **QinetiQ Commerce Decisions Limited**

## **Notes to the Financial Statements (continued)**

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

#### **Intangible assets**

Internally generated intangible assets are recorded at cost, including labour, directly attributable overhead and any third party expenses. Purchased intangible assets are recognised at cost less amortisation. Intangible assets are amortised over their respective useful lives on a straight line basis as follows:

Development costs	Useful economic life or unit of production method subject to a minimum amortisation of no less than straight line method over economic life of 1 – 4 years
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#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis over their useful economic lives to their estimated residual value as follows:

Freehold buildings	20-25 years
Leasehold land and buildings	Over the unexpired term of the lease
Plant & machinery	3-10 years
Office equipment	5-10 years
Computers	3-5 years
Motor vehicles	3-5 years

Assets under construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date. In the case of assets constructed by the Company, the value includes the cost of own work completed, including directly attributed overheads but excluding interest.

#### **Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If the carrying amount exceeds the recoverable amount, the respective asset is written down to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset calculated using an appropriate pre-tax discount rate. Impairment losses are expensed to the profit and loss account.

#### **Leases**

Rentals payable under operating leases are charged to the profit and loss account evenly over the term of the lease.

#### **Amounts recoverable on contracts**

Amounts recoverable on contracts are included in other debtors and represent turnover recognised in excess of amounts invoiced.

# **QinetiQ Commerce Decisions Limited**

## **Notes to the Financial Statements (continued)**

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

#### **Developments expected in future accounting periods**

FRS 100, 101 and 102 FRS 100 sets out the application of financial reporting requirements in the UK and Republic of Ireland and FRS 101 'IFRS with reduced disclosures' outlines the reduced disclosure framework available for use by qualifying entities choosing to report under IFRS FRS 102 is applicable in the UK and Republic of Ireland and is known as the 'new UK GAAP' The mandatory effective date for the new framework of reporting is for accounting periods beginning on or after 1 January 2015 The Company will apply either FRS 101 ('IFRS with reduced disclosures') or FRS 102 ('the new UK GAAP') A full analysis is currently being undertaken to identify the most appropriate option

#### **Taxation**

The taxation charge is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is provided, without discounting, in respect of all timing differences that have arisen but not reversed by the balance sheet date Deferred tax assets are only provided to the extent that they are regarded as recoverable

#### **Post-retirement benefits**

Contributions to defined contribution plans are charged to the profit & loss as incurred

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction and gains and losses on translation are included in the profit and loss account. If designated forward foreign exchange hedging contracts have been entered into, gains and losses are matched against the foreign exchange movements on the underlying transaction

# QinetiQ Commerce Decisions Limited

## Notes to the Financial Statements (continued)

### 2. Operating profit

The operating profit is stated after charging

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets:		
- owned	14	16
Amortisation of intangible assets	299	299

The auditors' remuneration is borne by another Group subsidiary, QinetiQ Limited, and recharged to the Company as part of a management fee. The amount included in the management fee for audit fees amounted to £3,000 (2012: £3,000). There were no non-audit services provided by the Company's auditor during the year (2012: £nil). Research and development cost charged to Profit & loss during the year amounted to £288,994 (2012: £292,001), which is equal to the amortisation of deferred development expenditure in the year.

### 3. Taxation

	2013 £'000	2012 £'000
UK corporation tax	-	-
Deferred tax	1	9
<b>Total tax on profit on ordinary activities</b>	<b>1</b>	<b>9</b>

The current tax charge for the year is lower (2012: lower) than the standard rate of corporation tax in the UK 24% (2012: 26%). The differences are explained below.

#### Factors affecting the tax charge:

Profit before tax	888	1,082
Tax on profit on ordinary activities at standard UK corporation tax rate of 24% (2012: 26%)	213	281
Effects of		
Expenses not deductible for tax purposes, research and development relief and non-taxable items	(15)	(8)
Depreciation in excess of capital allowances	(1)	(2)
Other timing differences	1	(1)
Group relief for nil consideration	(198)	(270)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

#### Factors affecting future tax charges

The effective tax rate is expected to remain below the UK statutory rate in the medium term, subject to any future tax legislation changes.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. These changes will reduce the Company's future tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced rate reductions in 2014 and 2015, although these will further reduce the Company's deferred tax asset accordingly.

# **QinetiQ Commerce Decisions Limited**

## **Notes to the Financial Statements (continued)**

### **4. Employee information**

The average number of persons employed by the Company during the year was (including directors)

<b>2013</b>	<b>2012</b>
<b>Number</b>	<b>Number</b>
<b>30</b>	<b>29</b>

The aggregate payroll costs of these persons were as follows -

	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,274	1,197
Social security costs	142	141
Other pension costs	65	71
<b>Total Employee costs</b>	<b>1,481</b>	<b>1,409</b>

### **5. Directors**

Directors' emoluments for the year totalled £nil (2012 £nil) Employer's pension contributions totalled £nil (2012 £nil)

# QinetiQ Commerce Decisions Limited

## Notes to the Financial Statements (continued)

### 6. Intangible assets

	Intangible assets £'000
<b>Cost:</b>	
At 1 April 2012	1,187
Additions	275
<b>At 31 March 2013</b>	<b>1,462</b>
<b>Amortisation:</b>	
At 1 April 2012	593
Charge for year	299
<b>At 31 March 2013</b>	<b>892</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>570</b>
At 31 March 2012	594

The net book value of deferred development expenditure included in intangible assets amounts to £566,865 (2012 £587,310)

### 7. Tangible fixed assets

	Plant and machinery, etc £'000
<b>Cost:</b>	
At 1 April 2012	108
<b>At 31 March 2013</b>	<b>108</b>
<b>Depreciation:</b>	
At 1 April 2012	94
Charge for year	14
<b>At 31 March 2013</b>	<b>108</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>-</b>
At 31 March 2012	14

# QinetiQ Commerce Decisions Limited

## Notes to the Financial Statements (continued)

### 8. Debtors

	2013 £'000	2012 £'000
Trade debtors	1,928	717
Intercompany trade debtors	64	63
Amounts owed by fellow subsidiary undertakings	7,555	6,503
Other debtors	34	58
Deferred tax asset	18	19
	<b>9,599</b>	<b>7,360</b>

### 9. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	3	4
Intercompany trade creditors	574	519
Other creditors	582	339
Deferred Income	2,953	1,704
	<b>4,112</b>	<b>2,566</b>

### 10. Share capital

	2013 £	2012 £
Allotted, called-up and fully paid 3,056,753 ordinary shares of £0 0001 each	306	306

### 11. Share premium account

	2013 £'000	2012 £'000
At 1 April	298	298
At 31 March	<b>298</b>	<b>298</b>

### 12. Profit and loss account

	2013 £'000	2012 £'000
At 1 April	6,502	5,429
Profit retained for the year	887	1,073
At 31 March	<b>7,389</b>	<b>6,502</b>

## **QinetiQ Commerce Decisions Limited**

### **Notes to the Financial Statements (continued)**

#### **13. Reconciliation of shareholders' funds**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Equity shareholders' funds at 1 April	6,800	5,727
Profit retained for the year	887	1,073
<b>Equity shareholders' funds at 31 March</b>	<b>7,687</b>	<b>6,800</b>

#### **14. Parent undertakings**

The ultimate parent undertaking is QinetiQ Group plc, a company registered in England and Wales. The immediate parent undertaking is QinetiQ Holdings Limited, a company registered in England and Wales. The financial statements of QinetiQ Holdings Limited are consolidated in the financial statements of QinetiQ Group plc. Copies of the consolidated financial statements of QinetiQ Group plc are available from the Secretary, QinetiQ Group plc, Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX.