

Registration number: 04157081

Commerce Decisions Limited

Annual report and financial statements

for the year ended 31 March 2016



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Commerce Decisions Limited
Strategic report for the year ended 31 March 2016

The Directors present their strategic report for the year ended 31 March 2016.

Principal activities

The Company provides software consultancy and supply.

Business review

The profit on ordinary activities before taxation was £1,939,000 (2015: £2,185,000).

The company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Revenue growth	%	1	14
Profit before tax	£'000	1,939	2,185
Profit after tax	£'000	1,648	2,188

Principal risks and uncertainties

The key risks and uncertainties impacting on the Company relate to the following:

- The Company's contract profile;
- Losing key capability and competencies through failure to recruit and retain employees;
- Failure to comply with laws and regulations; and
- Tax liabilities may change as a result of changes in tax legislation.

Approved by the Board on 28/11/16 and signed on its behalf by:



Jon Messent
Company Secretary
Cody Technology Park
Ively Road, Farnborough
Hampshire, GU14 0LX

Commerce Decisions Limited
Directors report for the year ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors of the company

The directors who held office during the year were as follows:

Wendy Wates

Kim Garrod (appointed 19 October 2015)

Steven Elwell (appointed 22 December 2015 and resigned 11 October 2016)

Martin Wood (resigned 19 October 2015)

Stephen Boughton (resigned 18 December 2015)

The following director was appointed after the year end:

Richard Sawyer (appointed 11 October 2016)

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2016 (2015: £8,000,000).

Research and development

The research and development expense for the year was £270,538 (2015: £287,991).

Political and charitable contributions

The Company made no political contributions or charitable donations during the year or in the prior year.

Diversity and inclusion

The inclusion, diversity and equality of all our people is critical to the Company's strategy. The Company is committed to the fair treatment of people with disabilities in relation to applications, training, promotion and career development. If an existing employee become disabled, the Company make every effort to enable them to continue their employment and career development, and to arrange appropriate training, where practicable.

Commerce Decisions Limited

Directors report for the year ended 31 March 2016 (continued)

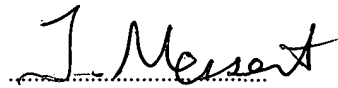
Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm, that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all steps that they ought to have taken as Directors 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.

Approved by the Board on 28/11/16 and signed on its behalf by:



Jon Messent
Company Secretary
Cody Technology Park
Ively Road
Farnborough
Hampshire
GU14 0LX

Commerce Decisions Limited

Statement of Directors' responsibilities in respect of the strategic report, Directors' report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Commerce Decisions Limited

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

We have audited the financial statements of *Commerce Decisions Limited* for the year ended 31 March 2016, set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 Statement of Directors' responsibilities in respect of the strategic report, Directors' report and the financial statements (set out on page 4), 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 (APB's) Ethical Standards for Auditors to the financial statements.

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.

Opinion on the 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors report for the financial year for which the financial statements are prepared is consistent with the financial statements.

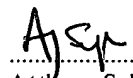
Commerce Decisions Limited

**Independent auditor's report to the members of Commerce Decisions Limited
(continued)**

Matters on which we are required to report by exception

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

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


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Anthony Sykes (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 1 December 2016

Commerce Decisions Limited
Profit and loss account for the year ended 31 March

		2016	2015
	Note	£ 000	£ 000
Revenue	2	5,461	5,397
Cost of sales		<u>(132)</u>	<u>(97)</u>
Gross profit		5,329	5,300
Operating expenses		<u>(3,414)</u>	<u>(3,169)</u>
Operating profit	3	1,915	2,131
Finance income		<u>24</u>	<u>54</u>
Profit on ordinary activities before taxation		1,939	2,185
Tax on ordinary activities	5	<u>(291)</u>	<u>3</u>
Profit for the year	13	<u><u>1,648</u></u>	<u><u>2,188</u></u>

All amounts derive from continuing operations.

There is no other comprehensive income.

Commerce Decisions Limited
Balance sheet as at 31 March

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Investments	6	-	-
Intangible assets	7	870	729
Property, plant and equipment	8	<u>37</u>	<u>11</u>
		907	740
Current assets			
Trade and other receivables	9	7,343	6,695
Cash at bank and in hand		<u>1,391</u>	<u>420</u>
		8,734	7,115
Creditors: amounts falling due within one year	10	<u>(4,313)</u>	<u>(4,175)</u>
Net current assets		4,421	2,940
Net assets		5,328	3,680
Capital and reserves			
Called up share capital	12	-	-
Share premium account		298	298
Profit and loss account	13	<u>5,030</u>	<u>3,382</u>
Shareholders' funds	14	5,328	3,680

The financial statements of Commerce Decisions Limited (company number 04157081) were approved by the Board on ~~28/11/16~~ 28/11/16 and signed on its behalf by:



Kim Garrod

Director

Commerce Decisions Limited

Notes to the financial statements

1 Basis of preparation and 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 were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS101'). In the transition to FRS101, the Company has applied IFRS1 whilst ensuring that its assets and liabilities are measured in compliance with FRS101. No adjustments were required as part of that transition.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

Going concern

After making enquiries, the Directors have reasonable expectations that the Company has 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.

Revenue recognition

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

- revenue 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;
- revenue 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 revenue and related costs as contract activity progresses. Revenue 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.

Commerce Decisions Limited

Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising from the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

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.

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.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Freehold land is not depreciated. Other tangible non-current assets are depreciated on a straight-line basis over their useful economic lives to their estimated residual value as follows:

Plant and machinery

3 - 10 years

The useful lives, depreciation methods and residual values applied to property, plant and equipment are reviewed annually and, if appropriate, adjusted accordingly.

Impairment of fixed 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.

Amounts recoverable on contracts

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

Commerce Decisions Limited
Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

Post-retirement benefits

Contributions to defined contributions plans are charged to the profit and loss account as incurred.

Leases

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

New UK GAAP - FRS101

The Company has elected to adopt FRS101 as of 1 April 2015. No restatement of the comparative financial information for the year ended 31 March 2015 has been required.

2 Revenue by customer geographical location

	UK £ 000	Canada £ 000	Rest of World £ 000	Total £ 000
2016				
External turnover	<u>5,210</u>	<u>183</u>	<u>68</u>	<u>5,461</u>
	UK £ 000	Canada £ 000	Rest of World £ 000	Total £ 000
2015				
External turnover	<u>5,312</u>	<u>12</u>	<u>73</u>	<u>5,397</u>

3 Operating profit

Arrived at after charging:

	2016 £ 000	2015 £ 000
Depreciation expense	19	2
Amortisation expense	273	289
Operating lease expense - property	<u>121</u>	<u>154</u>

The auditor's 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 (2015: £3,000). There were no non-audit services provided by the Company's auditor during the year (2015: £nil). Research and development cost charged to profit and loss during the year amounted to £270,538 (2015: £287,991) which is equal to the amortisation of deferred development expenditure in the year.

Commerce Decisions Limited
Notes to the financial statements (continued)

4 Employee information

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016	2015
	£ 000	£ 000
Wages and salaries	2,050	1,859
Social security costs	216	181
Pension costs	126	116
	<u>2,392</u>	<u>2,156</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016	2015
	No.	No.
Total employees	<u>40</u>	<u>37</u>

Directors' remuneration

Directors' emoluments for the year totalled £116,128 (2015: £124,878). Employer's pension contributions totalled £12,293 (2015: £9,955).

5 Income tax

(a) Analysis of tax charge in the year

	2016	2015
	£ 000	£ 000
Total current tax		
UK corporation tax	358	-
Amounts in respect of previous years	<u>(67)</u>	<u>-</u>
Total current tax	<u>291</u>	<u>-</u>
Deferred tax		
Arising from origination and reversal of temporary differences	<u>-</u>	<u>(3)</u>
Total deferred tax	<u>-</u>	<u>(3)</u>
Tax on ordinary activities	<u>291</u>	<u>(3)</u>

Commerce Decisions Limited
Notes to the financial statements (continued)

5 Income tax (continued)

(b) Tax charge reconciliation

The total tax charge for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	<u>1,939</u>	<u>2,185</u>
Tax calculated at UK standard rate of corporation tax of 20% (2015: 21%)	388	459
Expenses not deductible for tax purposes and other non-taxable items	9	(18)
Research and development expenditure credits/relief	(39)	-
Group relief surrender for nil consideration	-	(445)
Tax overprovided in previous years	(67)	-
Change in tax laws and rate	<u>-</u>	<u>1</u>
Total tax charge/(credit) for the year	<u>291</u>	<u>(3)</u>

(c) Change in corporation tax rate

The UK corporation tax rate was reduced from 21% to 20% effective from 1 April 2015. Deferred tax has been calculated using the future statutory tax rates enacted as at 31 March 2016.

6 Investments in subsidiary undertakings

	2016 £ 000	2015 £ 000
Cost		
At 1 April	<u>-</u>	<u>-</u>
At 31 March	<u>-</u>	<u>-</u>

Commerce Decisions Limited has investment in the following subsidiary undertaking.

Undertaking	Country of incorporation	Proportion of voting rights and shares held	Principal activity
Subsidiary			
Commerce Decisions Pty Ltd	Australia	100%	Software consultancy and supply

On 17 April 2015, Commerce Decisions Pty Ltd was incorporated in Australia. Commerce Decisions Limited owned 100% of the ordinary shares of Commerce Decisions Pty Ltd.

Commerce Decisions Limited
Notes to the financial statements (continued)

7 Intangible assets

	Development costs and other intangible assets £ 000
Cost or valuation	
At 1 April 2015	2,179
Additions	414
	<hr/>
At 31 March 2016	<u>2,593</u>
Amortisation	
At 1 April 2015	1,450
Amortisation charge	273
	<hr/>
At 31 March 2016	<u>1,723</u>
Carrying amount	
At 31 March 2016	<u>870</u>
At 31 March 2015	<u>729</u>

The net book value of deferred development expenditure included in intangible assets amounts to £870,380 (2015: £727,573).

8 Property, plant and equipment

	Plant and machinery £ 000
Cost	
At 1 April 2015	125
Additions	45
Disposals	(14)
	<hr/>
At 31 March 2016	<u>156</u>
Depreciation	
At 1 April 2015	114
Charge for the year	19
Disposals	(14)
	<hr/>
At 31 March 2016	<u>119</u>
Carrying amount	
At 31 March 2016	<u>37</u>
At 31 March 2015	<u>11</u>

Commerce Decisions Limited
Notes to the financial statements (continued)

9 Trade and other receivables

	2016	2015
	£ 000	£ 000
Trade receivables	1,514	2,891
Amounts owed by fellow subsidiary undertakings	5,710	3,744
Other receivables	103	44
Deferred tax asset	16	16
	<u>7,343</u>	<u>6,695</u>

10 Creditors: amounts falling due within one year

	2016	2015
	£ 000	£ 000
Trade creditors	51	117
Accruals and deferred income	2,958	3,257
Other taxes and social security	343	-
Other creditors	961	801
	<u>4,313</u>	<u>4,175</u>

11 Deferred tax

	Short-term timing differences	Fixed assets	Total
	£ 000	£ 000	£ 000
At 1 April 2015	6	10	16
Charged to profit and loss account	-	-	-
At 31 March 2016	<u>6</u>	<u>10</u>	<u>16</u>

12 Share capital

	2016	2015
	£	£
Allotted, called-up and fully paid:		
3,056,753 ordinary shares of £0.0001 each (2015: 3,056,753 ordinary shares of £0.0001 each)	<u>306</u>	<u>306</u>

Commerce Decisions Limited
Notes to the financial statements (continued)

13 Profit and loss account

	2016	2015
	£ 000	£ 000
At 1 April	3,382	9,194
Profit for the year	1,648	2,188
Dividends paid	-	(8,000)
At 31 March	5,030	3,382

14 Reconciliation of movement in shareholders' funds

	2016	2015
	£ 000	£ 000
At 1 April	3,680	9,492
Profit for the year	1,648	2,188
Dividends paid	-	(8,000)
At 31 March	5,328	3,680

15 Obligations under leases and hire purchase contracts

Operating leases

The Company had the following total future minimum lease commitments:

	2016	2015
	£ 000	£ 000
Within one year	118	118
In two to five years	-	118
	118	236

Operating lease payments represents rental payable by the Company on certain property, plant and equipment. Principal operating lease are negotiated for a term of 6 years.

16 Parents undertaking and controlling party

The ultimate parent undertaking and controlling party 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 Commerce Decisions 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.