

Registration number: 04157081

Commerce Decisions Limited

(formerly QinetiQ Commerce Decisions Limited)

Directors' report and financial statements

for the year ended 31 March 2014

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Commerce Decisions Limited
Company information

Directors	Stephen Boughton
	Wendy Wates
	Martin Wood
Company secretary	Jon Messent
Registered office	Cody Technology Park Ively Road Farnborough Hampshire GU14 0LX
Auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

Commerce Decisions Limited

Strategic report for the year ended 31 March 2014

The Directors present their strategic report for the year ended 31 March 2014.

Principal activity

The Company provides software consultancy and supply.

Business review

The profit on ordinary activities before taxation was £1,810k (2013: £888k).

On 2 September 2014 the Company changed its name from QinetiQ Commerce Decisions Limited to Commerce Decisions Limited.

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


	Unit	2014	2013
Revenue growth	%	51	2
Profit before tax	£'000	1,810	888
Profit after tax	£'000	1,805	887

Principal risks and uncertainties

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

- The Company's contract profile
- Recruitment and retention
- Significant breach of laws and regulations

Approved by the Board on 25/9/2014 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 2014

The Directors present their report and the financial statements for the year ended 31 March 2014.

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 2014 (31 March 2013: £nil).

Directors of the Company

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

Adam Palser (resigned 18 September 2013)

Kim Garrod (resigned 18 September 2013)

Stephen Boughton

Wendy Wates (appointed 18 September 2013)

Martin Wood (appointed 18 September 2013)

Political contributions

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

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.

Disclosure of information to auditor

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 auditor is unaware; and each Director has taken all 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.

Commerce Decisions Limited

Directors' report for the year ended 31 March 2014 (continued)

Auditor

KPMG Audit Plc resigned as auditor on 12 December 2013 pursuant to section 516 of the Companies Act 2006 and KPMG LLP were appointed as statutory auditor pursuant to section 485. KPMG LLP will be deemed to be reappointed pursuant to section 487 and will therefore continue in office.

Approved by the Board on 25/9/2014 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. Messent', written over a dotted line.

Jon Messent

Company secretary

Cody Technology Park

Ively Road

Farnborough

Hampshire

GU14 0LX

Commerce Decisions Limited

Statement of Directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 2014, set out on pages 8 to 19. 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).

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 (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. 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.

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 2014 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.

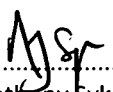
Matters on which we are required to report by exception

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.

Commerce Decisions Limited

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


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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: 25/9/14

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

	Note	2014 £ 000	2013 £ 000
Turnover		4,724	3,134
Cost of sales		<u>(126)</u>	<u>(144)</u>
Gross profit		4,598	2,990
Operating expenses		<u>(2,833)</u>	<u>(2,154)</u>
Operating profit	2	1,765	836
Finance income		<u>45</u>	<u>52</u>
Profit on ordinary activities before taxation		1,810	888
Taxation on profit on ordinary activities	3	<u>(5)</u>	<u>(1)</u>
Profit for the financial year		<u>1,805</u>	<u>887</u>

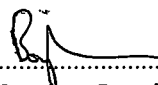
No note of historical cost profits has been prepared as the historical cost profits and losses are not materially different to those detailed in the above profit and loss account. There are no other recognised gains and losses.

All amounts derive from continuing operations.

Commerce Decisions Limited
Balance sheet as at 31 March

	Note	2014 £ 000	2013 £ 000
Fixed assets			
Intangible assets	6	611	570
Tangible assets	7	<u>8</u>	<u>-</u>
		619	570
Current assets			
Debtors	8	12,501	9,599
Cash at bank and in hand		<u>620</u>	<u>1,630</u>
		13,121	11,229
Creditors: amounts falling due within one year	9	<u>(4,248)</u>	<u>(4,112)</u>
Net current assets		8,873	7,117
Net assets		9,492	7,687
Capital and reserves			
Called up share capital	10	0	0
Share premium account	11	298	298
Profit and loss account	12	<u>9,194</u>	<u>7,389</u>
Shareholders' funds	13	9,492	7,687

The financial statements of Commerce Decisions Limited (company number 04157081) were approved by the Board on 25/9/2014 and signed on its behalf by:



Stephen Boughton
 Director

The notes on pages 10 to 19 form an integral part of these financial statements.

Commerce Decisions Limited

Notes to the financial statements

1 Basis of preparation and accounting policies

Basis of preparation

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

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 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.

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.

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

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.

Commerce Decisions Limited

Notes to the financial statements (continued)

1 Basis of preparation and 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:

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
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

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:

Asset class	Depreciation method and rate
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

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 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.

Leases

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

Commerce Decisions Limited

Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

Amounts recoverable on contracts

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

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 currency

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.

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, known as 'IFRS with reduced disclosures' outlines the reduced disclosure framework available for use by qualifying entities choosing to follow the principles of IFRS but under the umbrella of UK GAAP. FRS 102 is applicable in the UK and Republic of Ireland and is known as the 'new UK GAAP'. FRS 102 follows more closely the principles of existing UK GAAP with some exceptions. The mandatory effective date for the new framework of reporting is for accounting periods beginning on or after 1 January 2015. Under FRS 100 either FRS 101 ('IFRS with reduced disclosures') or FRS 102 with reduced disclosures ('the new UKGAAP') will be applicable to the Company. A full analysis is currently being undertaken to identify the most appropriate option.

Commerce Decisions Limited
Notes to the financial statements (continued)

2 Operating profit

Operating profit is stated after charging:

	2014	2013
	£ 000	£ 000
Depreciation of tangible fixed assets:		
- owned	4	14
Amortisation of intangible assets	<u>268</u>	<u>299</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 (2013: £3,000). There were no non-audit services provided by the Company's auditor during the year (2013: £nil). The 2013 auditor's remuneration for statutory audit services and non-audit services relate solely to amounts paid to KPMG Audit plc. The 2014 amounts relate solely to KPMG LLP. Research and development cost charged to Profit & loss during the year amounted to £264k (2013: £289k), which is equal to the amortisation of deferred development expenditure in the year.

Commerce Decisions Limited
Notes to the financial statements (continued)

3 Taxation

(a) Analysis of charge in the year

	2014	2013
	£ 000	£ 000
UK Corporation tax	-	-
Total current tax	-	-
Deferred tax		
Deferred tax charge for the year	5	1
Total deferred tax	5	1
Total tax charge	5	1

(b) Factors affecting current tax charge for the year

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014	2013
	£ 000	£ 000
Profit on ordinary activities before tax	1,810	888
Corporation tax at standard rate of 23% (2013: 24%)	416	213
Expenses not deductible for tax purposes, research and development relief and non-taxable items	(21)	(15)
Depreciation in excess of capital allowances	(3)	(1)
Other timing differences	(1)	1
Group relief surrender for nil consideration	(391)	(198)
Total current tax	0	0

(c) Factors that may affect 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.

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Commerce Decisions Limited
Notes to the financial statements (continued)

4 Employee information

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

2014	2013
No.	No.
34	30

The aggregate payroll costs were as follows:

	2014	2013
	£ 000	£ 000
Wages and salaries	1,583	1,274
Social security costs	194	142
Other pension costs	128	65
Total employee costs	1,905	1,481

5 Directors

Directors' emoluments for the year totalled £113,316 (2013: £nil). Employer's pension contributions totalled £12,519 (2013: £nil). A total of one director (2013: none) was paid by the Company during the year.

Commerce Decisions Limited
Notes to the financial statements (continued)

6 Intangible fixed assets

	Development costs and other intangible assets £ 000
Cost	
At 1 April 2013	1,462
Additions	<u>309</u>
At 31 March 2014	<u>1,771</u>
Amortisation	
At 1 April 2013	892
Charge for the year	<u>268</u>
At 31 March 2014	<u>1,160</u>
Net book value	
At 31 March 2014	<u><u>611</u></u>
At 31 March 2013	<u><u>570</u></u>

The net book value of deferred development expenditure included in intangible assets amounts to £610k (2013: £567k).

Commerce Decisions Limited
Notes to the financial statements (continued)

7 Tangible fixed assets

	Plant and machinery £ 000
Cost	
At 1 April 2013	108
Additions	<u>12</u>
At 31 March 2014	<u>120</u>
Depreciation	
At 1 April 2013	108
Charge for the year	<u>4</u>
At 31 March 2014	<u>112</u>
Net book value	
At 31 March 2014	<u><u>8</u></u>
At 31 March 2013	<u><u>-</u></u>

8 Debtors

	2014 £ 000	2013 £ 000
Trade debtors	2,516	1,928
Intercompany trade debtors	40	64
Amounts owed by fellow subsidiary undertaking	9,898	7,555
Other debtors	34	34
Deferred taxation	<u>13</u>	<u>18</u>
	<u><u>12,501</u></u>	<u><u>9,599</u></u>

Commerce Decisions Limited
Notes to the financial statements (continued)

9 Creditors: amounts falling due within one year

	2014	2013
	£ 000	£ 000
Trade creditors	39	3
Intercompany trade creditors	22	574
Other creditors	590	582
Deferred income	3,597	2,953
	4,248	4,112

10 Share capital

	2014	2013
	£	£
Allotted, called-up and fully paid:		
3,056,753 ordinary shares of £0.0001 each (2013: 3,056,753 ordinary shares of £0.0001 each)	306	306

11 Share premium account

	2014	2013
	£ 000	£ 000
At 1 April	298	298
At 31 March	298	298

12 Profit and loss account

	2014	2013
	£ 000	£ 000
At 1 April	7,389	6,502
Profit for the financial year	1,805	887
At 31 March	9,194	7,389

13 Reconciliation of movement in shareholders' funds

	2014	2013
	£ 000	£ 000
Equity shareholders' funds at 1 April	7,687	6,800
Profit retained for the financial year	1,805	887
Equity shareholders' funds at 31 March	9,492	7,687

Commerce Decisions Limited
Notes to the financial statements (continued)

14 Parent undertakings and controlling parties

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 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.