

PRESERVICA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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PRESERVICA LIMITED

COMPANY INFORMATION

Directors

P Allman (appointed 14 April 2017)
G Blackburn (resigned 16 December 2016)
S Curl
S Elliott (resigned 14 April 2017)
K Gell
T Hope (appointed 16 December 2016)
M Quinn (appointed 16 December 2016)
J Tilbury

Company secretary

S Elliott

Registered number

07998621

Registered office

32 The Quadrant
Abingdon
Oxfordshire
OX14 3YS

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

PRESERVICA LIMITED

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PRESERVICA LIMITED
REGISTERED NUMBER: 07998621

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	79,656	28,733
		<u>79,656</u>	<u>28,733</u>
Current assets			
Debtors: amounts falling due within one year	6	693,631	1,107,083
Cash at bank and in hand	7	3,219,934	797,565
		<u>3,913,565</u>	<u>1,904,648</u>
Creditors: amounts falling due within one year	8	(1,387,035)	(925,655)
Net current assets		<u>2,526,530</u>	<u>978,993</u>
Net assets		<u><u>2,606,186</u></u>	<u><u>1,007,726</u></u>
Capital and reserves			
Called up share capital		1,421	825
Share premium account		3,429,335	724,687
Foreign exchange reserve		(12,721)	(18,408)
Profit and loss account		(811,849)	300,622
Equity attributable to owners of the parent Company		<u>2,606,186</u>	<u>1,007,726</u>
Total capital and reserves		<u><u>2,606,186</u></u>	<u><u>1,007,726</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

20th July, 2017


P Allman
Director

The notes on pages 3 to 11 form part of these financial statements.

PRESERVICA LIMITED
REGISTERED NUMBER: 07998621

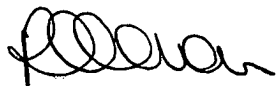
COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	76,764	27,912
Investments	5	59	59
		<u>76,823</u>	<u>27,971</u>
Current assets			
Debtors: amounts falling due within one year	6	584,718	1,181,125
Cash at bank and in hand	7	3,029,290	674,614
		<u>3,614,008</u>	<u>1,855,739</u>
Creditors: amounts falling due within one year	8	(796,313)	(714,875)
Net current assets		<u>2,817,695</u>	<u>1,140,864</u>
Net assets		<u><u>2,894,518</u></u>	<u><u>1,168,835</u></u>
Capital and reserves			
Called up share capital		1,421	825
Share premium account		3,429,335	724,687
Profit and loss account brought forward		443,323	323,989
Loss/(profit) for the year		(979,561)	119,334
Profit and loss account carried forward		<u>(536,238)</u>	<u>443,323</u>
Total capital and reserves		<u><u>2,894,518</u></u>	<u><u>1,168,835</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

P Allman
Director

20th July, 2017


PRESERVICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

Preservica Ltd is a private limited company, incorporated in the United Kingdom and registered in England and Wales. The principal activity of the Group is the provision of software and related services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2015.

2.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In December 2016, Preservica secured £3,000,000 of new equity before professional fees and held £3,219,934 in cash as at the balance sheet date. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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

Revenue 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 Group 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.

Turnover on fixed price contracts is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations unless exception criteria apply. For such contracts the amount of turnover reflects the accruals of the right to consideration by reference to the value of the work performed. Turnover not billed to client is included in debtors as unbilled receivables.

Revenue from licence subscriptions fees, hosting and customer support is invoiced in advance and spread over the period to which the service relates. Revenue from perpetual licences is recognised when the licence is initiated.

Revenue from initial software set-up and from development work is recognised on completion of the the service.

Revenue for consultancy and professional services is recognised when the service is provided.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvement	-	20%
Fixtures and fittings	-	25%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

PRESERVICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.15 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

PRESERVICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

2.16 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

3. Employees

The average monthly number of employees, including directors, during the year was 25 (2016 - 14).

4. Tangible fixed assets

Group

	Leasehold improve- ments £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2016	-	8,090	25,100	33,190
Additions	32,740	24,688	15,286	72,714
Exchange adjustments	-	-	150	150
At 31 March 2017	<u>32,740</u>	<u>32,778</u>	<u>40,536</u>	<u>106,054</u>
Depreciation				
At 1 April 2016	-	714	3,743	4,457
Charge for the period on owned assets	-	4,551	17,364	21,915
Exchange adjustments	-	-	26	26
At 31 March 2017	<u>-</u>	<u>5,265</u>	<u>21,133</u>	<u>26,398</u>
Net book value				
At 31 March 2017	<u>32,740</u>	<u>27,513</u>	<u>19,403</u>	<u>79,656</u>
At 31 March 2016	<u>-</u>	<u>7,376</u>	<u>21,357</u>	<u>28,733</u>

PRESERVICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. Tangible fixed assets (continued)

Company

	Leasehold improve- ments £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2016	-	8,090	24,109	32,199
Additions	32,740	24,688	11,583	69,011
At 31 March 2017	32,740	32,778	35,692	101,210
Depreciation				
At 1 April 2016	-	714	3,574	4,288
Charge for the period on owned assets	-	4,551	15,607	20,158
At 31 March 2017	-	5,265	19,181	24,446
Net book value				
At 31 March 2017	32,740	27,513	16,511	76,764
At 31 March 2016	-	7,376	20,536	27,912

PRESERVICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

5. Fixed asset investments

Subsidiary undertakings

The following was the subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Preservica Inc	United States of America	Ordinary	100 %	Provision of software

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Preservica Inc	(287,799)	(132,910)
Company		

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	59
At 31 March 2017	59
Net book value	
At 31 March 2017	59
At 31 March 2016	59

PRESERVICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	473,155	850,316	279,794	705,310
Amounts owed by group undertakings	-	-	145,767	229,746
Other debtors	59,809	28,868	55,437	20,198
Prepayments and accrued income	43,467	227,899	41,068	225,871
Tax recoverable	117,200	-	62,652	-
	693,631	1,107,083	584,718	1,181,125

Amounts owed by group undertakings are not interest bearing and repayable on demand.

7. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	3,219,934	797,565	3,029,290	674,614
	3,219,934	797,565	3,029,290	674,614

8. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Payments received on account	-	332,223	-	172,191
Trade creditors	138,738	143,184	136,039	129,917
Amounts owed to group undertakings	-	-	59	20,047
Corporation tax	-	44,109	-	44,109
Other taxation and social security	64,966	42,473	63,604	41,705
Other creditors	14,180	13,885	10,874	13,885
Accruals and deferred income	1,169,151	349,781	585,737	293,021
	1,387,035	925,655	796,313	714,875

Amounts owed to group undertakings are not interest bearing and repayable on demand.

PRESERVICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £132,761 (2016 - £91,875). Contributions totalling £1,435 (2016 - £Nil) were payable to the fund at the balance sheet date.

10. Commitments under operating leases

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	61,252	50,777	36,215	25,740
Later than 1 year and not later than 5 years	270,692	42,197	270,692	17,160
	331,944	92,974	306,907	42,900

11. Related party transactions

The Group has taken advantage of the exemption under Section 33 of FRS102 from disclosing transactions with whole owned group companies.

12. Controlling party

There is no ultimate controlling party.

13. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

14. Auditor's information

The financial statements of the Group for the year ended 31 March 2017 were audited by James Cowper Kreston and an unqualified opinion was issued. The senior statutory auditor was Sue Staunton MA FCA CF.