

Registered number: 3867924

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**TITIAN SOFTWARE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**



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**TITIAN SOFTWARE LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	E C L Wilson
<b>Registered number</b>	3867924
<b>Registered office</b>	2 Newhams Row London SE1 3UZ
<b>Independent auditors</b>	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

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**TITIAN SOFTWARE LIMITED**

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## TITIAN SOFTWARE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Introduction

The principal activity of the company continued to be that of the provision of software and consultancy services to the research and development departments of pharmaceutical and life science companies and of universities and other not-for-profit entities.

The company has three main sources of revenue:

- Sale of licences (perpetual and annual) for the use of the Mosaic software;
- Implementation services, which involves configuring the Mosaic software to the customers' specific needs and deploying the software; and
- Support and maintenance of the software.

#### Business review

2019 has been another successful year for the company. We have again won a number of new customers in addition to work in new sites and new groups for existing customers. We have been pleased with the continued uptake of both our new Mosaic FreezerManagement and Mosaic SampleBank products. 2019 also saw the development of our new Mosaic SampleBank Cloud offering.

The Mosaic product has continued to be extended across the board, with Mosaic 8.0 now released.

#### Principal risks and uncertainties

The principal risks to the business are as follows:

- Predicting how long the development of new software will take is an inexact science. Titian manages this risk by using an Agile software development method to give more visibility of progress and hence predictability for delivery dates.
- Sales cycles are long, and forecasting the likelihood of sales being successfully made and the dates of those sales is challenging. Moreover, there is often uncertainty within the market in which Titian operates relating to customer consolidation and customers' budgets.
- While Titian is the leading supplier of software for Compound Management for large life sciences companies, there are many competitors in the market for Biological Sample Management, and various competitors serving smaller life science companies.
- Titian has many skilled and knowledgeable staff, and retaining these staff is of paramount importance.

#### Financial key performance indicators

The financial key performance indicators that are important to our business are turnover and profitability.

Turnover during the year ended 31 March 2019 was £9.49m (2018: £8.5m). Profits before tax for the year were £1,240,095 (2018: £683,093).

The director is satisfied with the performance of the company this year and of the prospects for the next year.

#### Staff and suppliers

The director would like to take this opportunity to thank the staff and key suppliers for the professionalism and dedication they have shown this year. Without them the company would not have achieved this success and strong reputation.

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TITIAN SOFTWARE LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019

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This report was approved by the board and signed on its behalf.



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**E C L Wilson**  
Director

Date:

20/12/2019

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## TITIAN SOFTWARE LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The director presents his report and the financial statements for the year ended 31 March 2019.

#### **Director's responsibilities statement**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,052,302 (2018 - £626,602).

No final dividend has been proposed.

#### **Director**

The director who served during the year was:

E C L Wilson

#### **Future developments**

The director is confident of the continued success of the company, indeed sales have been strong since the end of the 2019 financial year.

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TITIAN SOFTWARE LIMITED

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DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019

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**Disclosure of information to auditors**

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Berg Kaprow Lewis LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



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**E C L Wilson**  
Director

Date: 20/12/2019

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## TITIAN SOFTWARE LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE LIMITED

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#### Opinion

We have audited the financial statements of Titian Software Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

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## TITIAN SOFTWARE LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE LIMITED (CONTINUED)

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work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Director's Responsibilities Statement on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for 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 the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**TITIAN SOFTWARE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE LIMITED  
(CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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TITIAN SOFTWARE LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TITIAN SOFTWARE LIMITED  
(CONTINUED)

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**Use of our report**

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 Auditors' 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.

*Berg Kaprow Lewis LLP*

Howard Graff FCA (Senior Statutory Auditor)

for and on behalf of

**Berg Kaprow Lewis LLP**

Chartered Accountants  
Statutory Auditor

London

Date: 23/12/2019

**TITIAN SOFTWARE LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	9,479,399	8,546,999
Cost of sales		<u>(6,421,779)</u>	<u>(6,042,437)</u>
<b>Gross profit</b>		<b>3,057,620</b>	<b>2,504,562</b>
Administrative expenses		<u>(1,872,223)</u>	<u>(1,837,474)</u>
<b>Operating profit</b>	5	<b>1,185,397</b>	<b>667,088</b>
Interest receivable and similar income	9	<u>18,522</u>	<u>16,005</u>
<b>Profit before tax</b>		<b>1,203,919</b>	<b>683,093</b>
Tax on profit	10	<u>(151,617)</u>	<u>(56,491)</u>
<b>Profit after tax</b>		<b><u>1,052,302</u></b>	<b><u>626,602</u></b>
Retained earnings at the beginning of the year		<u>2,321,741</u>	<u>1,995,137</u>
		<b>2,321,741</b>	<b>1,995,137</b>
Profit for the year		<b>1,052,302</b>	<b>626,602</b>
Dividends declared and paid		<u>(1,200,000)</u>	<u>(300,000)</u>
<b>Retained earnings at the end of the year</b>		<b><u>2,174,043</u></b>	<b><u>2,321,739</u></b>

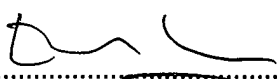
The notes on pages 11 to 27 form part of these financial statements.

**TITIAN SOFTWARE LIMITED**  
**REGISTERED NUMBER: 3867924**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	-	58,222
Tangible assets	13	86,700	110,922
Investments	14	879	879
		87,579	170,023
<b>Current assets</b>			
Debtors	15	3,099,921	2,102,686
Cash at bank and in hand	16	4,100,335	4,581,322
		7,200,256	6,684,008
Creditors: amounts falling due within one year	17	(5,113,791)	(4,532,290)
<b>Net current assets</b>		<b>2,086,465</b>	<b>2,151,718</b>
<b>Total assets less current liabilities</b>		<b>2,174,044</b>	<b>2,321,741</b>
<b>Net assets</b>		<b>2,174,044</b>	<b>2,321,741</b>
<b>Capital and reserves</b>			
Called up share capital	19	2	2
Profit and loss account	20	2,174,042	2,321,739
		2,174,044	2,321,741

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

  
 .....  
**E C L Wilson**  
 Director

20/12/2019

The notes on pages 11 to 27 form part of these financial statements.

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## TITIAN SOFTWARE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

Titian Software Limited ("the company") provides software development and consultancy services to pharmaceutical and life sciences companies' research and development departments.

The company is a private company limited by shares and is incorporated in England and Wales.

The principal place of business is 2 Newhams Row, London, SE1 3UZ.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") 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 management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless stated otherwise.

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Titian Software Holdings Limited as at 31 March 2019 and these financial statements may be obtained from 2 Newhams Row, London, SE1 3UZ.

##### 2.3 Exemption from preparing consolidated financial statements

The company is a subsidiary of Titian Software Holdings Limited. It is included in the consolidated financial statements of Titian Software Holdings Limited which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Pound Sterling.

**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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.5 Revenue**

Revenue 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.

Revenue on software and perpetual licences is recognised by reference to the stage of completion of the contract, including work under warranties where part of the contract. As shown in note 3, calculating the stage of completion involves estimating the future time to complete such contracts. In making this judgement, appropriate and prudent adjustments are made to these time estimates based on the company's past experience. For loss-making projects, the anticipated loss is recognised immediately in full.

Revenue on maintenance contracts and annual licenses is recognised over the period that the services are provided.

**2.6 Operating leases**

Rentals paid under operating leases are charged to the Income Statement 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 period until end of the lease term.

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their estimated useful economic life of 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 Interest income**

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the Statement of 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.

**2.10 Pensions**

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

These contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.11 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.12 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure is written off to the profit and loss account in the year in which it is incurred unless the director is satisfied in relation to certain development activity as to the technical, commercial and financial viability of such projects. In this situation, the expenditure is deferred and amortised over the period which the company is expected to benefit.

**2.13 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.

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.13 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:

Furniture, fittings and equipment -	15% to 100% Straight line
Computer equipment -	33% Straight line

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 Statement of Income and Retained Earnings.

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment (if any).

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions that result in the recognition of financial assets and liabilities.

**2.16 Annual leave accrual**

Employees have an annual leave allowance which they can take at times of their choosing over the year, and the company's year end for the purposes of the annual leave allowance is different from the Statement of Financial Position date. This means that at the Statement of Financial Position date employees may have taken more or less of their annual leave allowance than they have accrued. An asset or liability is recognised in relation to this, measured at the undiscounted salary cost of the future annual leave entitlement at the Statement of Financial Position date.

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. Accounting policies (continued)**

**2.17 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities.

**(i) Financial assets**

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and accrued income, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other creditors, loans from fellow group companies and accruals are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

*Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.*

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.18 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

**Accrued and deferred income**

The calculation of accrued and deferred income for the company's software development projects in progress involves the estimation of significant components of the necessary calculations. These are as follows:

i) Stage of completion

The Company's management make estimations of the number of hours left to complete each individual project. The stage of completion as at the date of each set of financial statements is taken as the proportion of time spent on that project to date compared with the estimate of total time to be spent.

ii) Cost per hour

A value is given to the cost of each hour of time spent on a project by the Company's staff. This estimate is based on the Company's staff salaries and relevant related overhead costs.

**Useful economic lives of tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets and note 2.13 for the data relating to the useful economic lives for each class of assets.

**4. Turnover**

The whole of the turnover is attributable to the provision of software development, licences, subscriptions, support, maintenance and consultancy services to the research and development departments of pharmaceutical and life science companies and of universities and other not for profit entities.

88% of the company's turnover (2018: 86%) is attributable to geographical markets outside the United Kingdom.

56% of the company's turnover (2018: 54%) relates to sales of licences and services, 43% (2018: 45%) relates to support and maintenance contracts and 1% (2018: 1%) relates to the recharge of travel and other expenses to customers.

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**5. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>74,092</b>	<i>67,145</i>
Amortisation of intangible assets, including goodwill	<b>58,222</b>	<i>197,737</i>
Defined contribution pension cost	<b>226,991</b>	<i>230,426</i>
Exchange differences	<b>(8,486)</b>	<i>28,977</i>
Other operating lease rentals	<b>224,102</b>	<i>199,398</i>

**6. Auditors' remuneration**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>20,900</b>	<i>21,500</i>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other non-audit services not included above	<b>17,026</b>	<i>29,251</i>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

Staff costs, including director's remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	3,527,666	3,459,848
Social security costs	399,897	390,011
Cost of defined contribution scheme	226,991	230,426
	<u>4,154,554</u>	<u>4,080,285</u>

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

	2019 No.	2018 No.
Average Staff	<u>62</u>	<u>61</u>

**8. Director's remuneration**

	2019 £	2018 £
Director's emoluments	138,330	122,473
Company contributions to defined contribution pension schemes	10,000	21,587
	<u>148,330</u>	<u>144,060</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2019 £	2018 £
Interest receivable from group companies	10,031	10,760
Other interest receivable	8,491	5,245
	<u>18,522</u>	<u>16,005</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	149,884	3,044
Adjustments in respect of previous periods	(3)	50,946
	<u>149,881</u>	<u>53,990</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	1,736	2,501
	<u>1,736</u>	<u>2,501</u>
<b>Total current tax</b>	<u>151,617</u>	<u>56,491</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>151,617</u>	<u>56,491</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,203,919</u>	<u>683,093</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	228,744	129,788
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(1,429)	1,864
Additional deduction for R&D expenditure	(38,808)	(49,971)
Adjustment to tax charge in respect of prior periods	-	50,496
Deferred tax not recognised	(38,626)	(77,782)
Foreign tax on income	1,736	2,501
Other differences leading to an increase (decrease) in the tax charge	-	(405)
<b>Total tax charge for the year</b>	<u>151,617</u>	<u>56,491</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Dividends**

	2019 £	2018 £
Dividends on Ordinary Shares	<u>1,200,000</u>	<u>300,000</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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12. Intangible assets

	Development expenditure £
<b>Cost</b>	
At 1 April 2018	593,214
At 31 March 2019	<u>593,214</u>
<b>Amortisation</b>	
At 1 April 2018	534,992
Charge for the year	58,222
At 31 March 2019	<u>593,214</u>
<b>Net book value</b>	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>58,222</u>

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13. Tangible fixed assets

	Furniture, fittings and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	159,893	287,521	447,414
Additions	5,186	44,684	49,870
Disposals	(363)	-	(363)
At 31 March 2019	<u>164,716</u>	<u>332,205</u>	<u>496,921</u>
<b>Depreciation</b>			
At 1 April 2018	141,098	195,394	336,492
Charge for the year on owned assets	13,874	60,218	74,092
Disposals	(363)	-	(363)
At 31 March 2019	<u>154,609</u>	<u>255,612</u>	<u>410,221</u>
<b>Net book value</b>			
At 31 March 2019	<u>10,107</u>	<u>76,593</u>	<u>86,700</u>
At 31 March 2018	<u>18,795</u>	<u>92,127</u>	<u>110,922</u>

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**14. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 April 2018	<b>879</b>
At 31 March 2019	<b>879</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Titian Software US Inc	Ordinary	100%	Sale, support and consultancy services to clients of Titian Software Ltd
Titian Software Poland z.o.o	Ordinary	100%	Software development, support, maintenance and consultancy services to clients of Titian Software Ltd

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(Loss) £</b>
Titian Software US Inc	<b>206,741</b>	<b>36,810</b>
Titian Software Poland z.o.o	<b>14,751</b>	<b>11,804</b>

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**TITIAN SOFTWARE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**15. Debtors**

	2019 £	2018 £
Trade debtors	1,888,652	1,045,566
Amounts owed by group undertakings	294,504	261,483
Other debtors	27,252	34,610
Prepayments and accrued income	889,513	761,031
	<u>3,099,921</u>	<u>2,102,690</u>

**16. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>4,100,335</u>	<u>4,581,322</u>

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	84,245	141,194
Amounts owed to group undertakings	384,661	188,242
Corporation tax	149,884	21,681
Other taxation and social security	135,141	90,000
Other creditors	12,300	29,807
Accruals and deferred income	4,347,560	4,061,366
	<u>5,113,791</u>	<u>4,532,290</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,914,083</u>	<u>1,904,985</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,205,092)</u>	<u>(981,148)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals.

**19. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
2 (2018 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

**20. Reserves**

**Profit and loss account**

Includes all current period retained profits and losses.

**21. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £226,991 (2018: £230,426) Contributions totalling £22,681 (2018: £21,429) were payable to the fund at the Statement of Financial Position date and are included in creditors.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Commitments under operating leases**

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	187,667	184,333
Later than 1 year and not later than 5 years	73,000	214,000
	<u>260,667</u>	<u>398,333</u>

**23. Related party transactions**

Where possible the Company has taken advantage of the exemption conferred by section 33.1A of FRS 102 from the requirement to disclose transactions with other wholly owned group undertakings on the grounds that consolidated financial statements are prepared by the immediate parent company and are publicly available.

**24. Controlling party**

The ultimate parent undertaking is Titian Software Holdings Ltd. The ultimate controlling party is E C L Wilson, a director.