Registered number: 06956646

TWIGKIT LIMITED
FINANCIAL STATEMENTS
31 JANUARY 2018

FILING COPY

TWIGKIT LIMITED

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TWIGKIT LIMITED
COMPANY INFORMATION

Directors	R Frank W Hayes
Company secretary	Taylor Wessing Secretaries Limited
Registered number	06956646
Registered office	5 New Street Square London EC4A 3TW
Independent auditor	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

TWIGKIT LIMITED REGISTERED NUMBER:06956646

BALANCE SHEET
AS AT 31 JANUARY 2018

	Note		31 January 2018 £		31 December 2016 £
Fixed assets					
Tangible assets	4		**38,041**		-
Investments	5		**-**		81
			38,041		81
Current assets					
Debtors: amounts falling due within one year	6	**1,254,394**		394,894	
Cash at bank and in hand		**871,436**		1,017,374	
		2,125,830		1,412,268	
Creditors: amounts falling due within one year	7	**(1,155,842)**		(819,058)	
Net current assets			**969,988**		593,210
Net assets			**1,008,029**		593,291
Capital and reserves					
Called up share capital	8		**2,909**		2,887
Share premium account			**999,413**		999,413
Profit and loss account			**5,707**		(409,009)
Total equity			**1,008,029**		593,291

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. The profit and loss account and directors' report have not been filed.

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

R Frank
Director

Date: October 30, 2018

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

1. General information

Twigkit Limited is a private company limited by shares incorporated in England. The address of its principal place of business is 73 Tenison Road, Cambridge, CB1 2EF. The address of its registered office is 5 New Street Square, London, EC4A 3TW.

The company has changed its year end to 31 January to align itself with the group therefore comparative amounts presented in the financial statements are not entirely comparable.

The financial statements are presented in Sterling (£).

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 following principal accounting policies have been applied:-

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

The company generates the majority of its revenue from software and support services through subscription-based term licenses and professional services. The company begins recognising revenue when persuasive evidence of an arrangement exists, such as a contract or service order, delivery has occurred, no significant obligations with regard to implementation or integration exist, the fee is fixed or determinable and collectability is reasonably assured.

Revenue from subscription-based software and support services are recognised over the life of the license or supporr period. Professional services are recognised as utilised by the client.

All other revenue is recognised in the period in which the services are delivered.

2.4 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2. Accounting policies (continued)

2.5 Pensions

Defined contribution pension plan

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.

The contributions are recognised as an expense in the profit and loss account 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 company in independently administered funds.

2.6 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit and loss account over the remaining vesting period.

The company has applied the exemption contained in Section 35 of FRS 102 and has elected to apply the requirements of Section 26 Share-based payment to equity settled share based payment arrangements that were granted prior to 1 January 2016.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2. Accounting policies (continued)

2.8 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:

Fixtures and fittings	-	20%
Office equipment	-	33%
Leasehold improvements	-	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 profit and loss account.

2.9 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors 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 payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.10 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.

2.11 Share capital

Ordinary shares are classified as equity.

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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 operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 balance sheet date.

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is 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 profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

3. Employees

The average monthly number of employees, including directors, during the period was 15 (2016 -12).

4. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Leasehold improvements £	Total £
Cost or valuation				
At 1 January 2017	-	-	-	-
Additions	4,399	10,546	34,626	49,571
At 31 January 2018	4,399	10,546	34,626	49,571
Depreciation				
At 1 January 2017	-	-	-	-
Charge for the period	757	1,156	9,617	11,530
At 31 January 2018	757	1,156	9,617	11,530
Net book value				
At 31 January 2018	3,642	9,390	25,009	38,041

5. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2017	81
Disposals	(81)
At 31 January 2018	-

6. Debtors

	31 January 2018 £	31 December 2016 £
Trade debtors	**338,652**	288,212
Amounts owed by group undertakings	**640,421**	26,789
Other debtors	**19,820**	61,625
Prepayments and accrued income	**255,501**	18,268
	1,254,394	394,894

7. Creditors: amounts falling due within one year

	31 January 2018 £	31 December 2016 £
Trade creditors	**1,042**	20,102
Other taxation and social security	**70,566**	36,466
Other creditors	**846**	563
Accruals and deferred income	**1,083,388**	761,927
	1,155,842	819,058

8. Share capital

	31 January 2018 £	31 December 2016 £
Allotted, called up and fully paid		
100,000 Ordinary A shares of £0.01 each	**1,000**	1,000
58,700 Ordinary B shares of £0.01 each	**587**	587
2,200 Ordinary C shares of £0.01 each	**22**	-
300 Preferred A shares of £1 each	**300**	300
1,000 Preferred B shares of £1 each	**1,000**	1,000
	2,909	2,887

9. Commitments under operating leases

At 31 January 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	31 January 2018 £	31 December 2016 £
Not later than 1 year	39,996	-
Later than 1 year and not later than 5 years	123,321	-
	163,317	-

10. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

11. Parent undertaking

The smallest group for which consolidated financial statements are drawn up is headed by Lucidworks, Inc. whose registered office is 717 Market St, Suite 800, San Francisco, CA 94103, United States of America.

12. Auditor's information

The auditor's report on the company's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by James Rimell (Senior statutory auditor).