

Registered number: 13892063

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**COGNITE COMMUNICATIONS LIMITED**

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**FINANCIAL STATEMENTS**  
**INFORMATION FOR FILING WITH THE REGISTRAR**  
**FOR THE PERIOD ENDED 31 DECEMBER 2022**



COGNITE COMMUNICATIONS LIMITED  
REGISTERED NUMBER: 13892063

BALANCE SHEET  
AS AT 31 DECEMBER 2022

	Note	2022 £
<b>Fixed assets</b>		
Intangible assets	5	22,562,211
Tangible assets	6	18,452
		<u>22,580,663</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	7	2,039,133
Cash at bank and in hand		981,571
		<u>3,020,704</u>
Creditors: amounts falling due within one year	8	(1,745,496)
<b>Net current assets</b>		<u>1,275,208</u>
<b>Net assets</b>		<u><u>23,855,871</u></u>
<b>Capital and reserves</b>		
Called up share capital	9	13,043
Share premium account	10	24,459,068
Profit and loss account	10	(616,240)
		<u><u>23,855,871</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 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 by:

Lee Hurley

Lee Hurley

Director

1/9/23

The notes on pages 2 to 12 form part of these financial statements.

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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### 1. General information

Cognite Communications Limited is a private company limited by shares, incorporated and registered in England and Wales.

The Company was incorporated on 3 February 2022. The period presented in these financial statements is from 3 February 2022 to 31 December 2022. The Company's financial year is from 1 January to 31 December of each calendar year onwards.

#### 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

The financial statements have been prepared using the going concern basis of accounting. The directors continually monitor the ability of the Company to continue to operate as a going concern.

As at 31 December 2022, the Company had cash resources of £981,571. In the period ended to 31 December 2022, the Company has incurred losses amounting to £616,240.

The Company's forecasts and projections, taking in to account the reasonable possibility of changes in trading performance, show that the Company is able to operate within the level of its current resources, which is supported by trading in the period since the year-end when measured against both the prior period and associated budgets which have been set. The Company's cash resources have increased from the 31 December 2022 to the date of signing.

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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP and the financial statements are rounded to the nearest £.

###### 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company 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.

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**COGNITE COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.5 Taxation**

Tax is recognised in profit or loss 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 operates and generates income.

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.

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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.6 Intangible assets

###### **Business combination, Goodwill and Customer lists.**

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

As a result of business combination, customer lists is recognised separately as an intangible asset.

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Company's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life. Goodwill and customer lists are assessed for impairment when there are indicators of impairment, and any impairment is charged to the income statement. No reversals of impairment are recognised.

###### **Computer software**

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. Amortisation is charged as follows:

Customer Lists - 10 years

Goodwill - 10 years

Computer software - 10 years

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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.7 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Office equipment	-	25%
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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 profit or loss.

##### 2.8 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.

##### 2.9 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.

##### 2.10 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.

##### 2.11 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash

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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.11 Financial instruments (continued)

flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are 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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.



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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The following judgements (including key areas of estimation of uncertainty) have had the most significant effect on amounts recognised in the financial statements:

##### Timing of revenue recognition

The Company enters into some project based work, and revenue is only recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### Useful life of fixed assets

In making decisions regarding the depreciation of fixed assets, directors must estimate the useful life of said assets to the business. A change in estimate would result in a change in the depreciation charges to the statement of comprehensive income in each year.

##### Fair value of net assets acquired as part of business combination

Management uses judgement and estimation when determining the fair values of certain assets and liabilities acquired in a business combination.

##### Impairment of goodwill and other intangible assets

The Group determine whether goodwill and Customer lists are permanently impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This required an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the future cashflows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Goodwill and customer lists are amortised over a useful life of 10 years.

#### 4. Employees

The average number of employees, including directors, during the period was 41.

**COGNITE COMMUNICATIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**5. Intangible assets**

	Customer Lists £	Computer software £	Goodwill £	Total £
<b>Cost</b>				
Additions	9,219,305	3,240	15,390,696	24,613,241
At 31 December 2022	<u>9,219,305</u>	<u>3,240</u>	<u>15,390,696</u>	<u>24,613,241</u>
<b>Amortisation</b>				
Charge for the period	768,275	27	1,282,728	2,051,030
At 31 December 2022	<u>768,275</u>	<u>27</u>	<u>1,282,728</u>	<u>2,051,030</u>
<b>Net book value</b>				
At 31 December 2022	<u><u>8,451,030</u></u>	<u><u>3,213</u></u>	<u><u>14,107,968</u></u>	<u><u>22,562,211</u></u>

**6. Tangible fixed assets**

	Office equipment £
<b>Cost</b>	
Additions	21,022
At 31 December 2022	<u>21,022</u>
<b>Depreciation</b>	
Charge for the period	2,570
At 31 December 2022	<u>2,570</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>18,452</u></u>

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**COGNITE COMMUNICATIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**7. Debtors**

	2022 £
Trade debtors	1,203,437
Amounts owed by group undertakings	157,602
Other debtors	14,552
Prepayments and accrued income	542,333
Tax recoverable	121,209
	<u>2,039,133</u>

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

	2022 £
Trade creditors	180,161
Other taxation and social security	115,953
Other creditors	107,066
Accruals and deferred income	1,342,316
	<u>1,745,496</u>

**9. Share capital**

	2022 £
Allotted, called up and fully paid	
1,304,348 Ordinary shares of £0.01 each	<u>13,043</u>

During the year, 1,304,348 shares were issued at £0.01 each resulting in share premium.

**10. Reserves**

**Share premium account**

This reserve represents the accumulated premium over the nominal value of share capital subscribed.

**Profit and loss account**

This reserve represents the accumulated profit and losses of the company net of any distributions.

**COGNITE COMMUNICATIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**11. Business combinations**

**Acquisition of Cognite**

**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Fair value adjustments £	Fair value £
<b>Fixed Assets</b>			
Tangible	65,999	(65,999)	-
	<u>65,999</u>	<u>(65,999)</u>	<u>-</u>
<b>Current Assets</b>			
Debtors and other current assets	3,013,341	(97,420)	2,915,921
<b>Total Assets</b>	<u>3,079,340</u>	<u>(163,419)</u>	<u>2,915,921</u>
<b>Creditors</b>			
Due within one year	(3,018,780)	(35,031)	(3,053,811)
<b>Total Identifiable net assets/(liabilities)</b>	<u><u>60,560</u></u>	<u><u>(198,450)</u></u>	<u><u>(137,890)</u></u>
Customer lists			9,219,305
Goodwill			15,390,696
<b>Total purchase consideration</b>			<u><u>24,472,111</u></u>
<b>Consideration</b>			
			£
Cash			22,162,111
Equity instruments			2,310,000
<b>Total purchase consideration</b>			<u><u>24,472,111</u></u>
<b>Cash outflow on acquisition</b>			
			£
Purchase consideration settled in cash, as above			<u><u>22,162,111</u></u>

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## COGNITE COMMUNICATIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### 11. Business combinations (continued)

On 3 March 2022, Cognite Communications Limited entered into the asset purchase agreement with a partnership trading as 'Cognite'. The goodwill arising on acquisition is attributable to assets acquired under business combination.

The results of Cognite Communications Limited as a result of business combination are as follows:

	Current period since acquisition £
Turnover	7,231,859
Profit for the period since acquisition	616,240

#### 12. Contingent liabilities

Bank cross guarantees exist between the company and its parent company. The Company has entered into the unlimited multilateral guarantee dated 03 March 2022 against the bank loans obtained by its parent company.

#### 13. Related party transactions

In accordance with FRS 102 paragraph 33.1A exemption is taken not to disclose transactions in the year between the group undertakings where 100% of the voting rights are controlled within the group.

#### 14. Controlling party

The Company is wholly owned subsidiary of Orbus Capital Limited and by virtue of its majority shareholding in Orbus Capital Limited, Vespa Capital III LP was the controlling party of the company during the period.

There is no ultimate controlling party of the parent company.

#### 15. Auditors' information

The auditors' report on the financial statements for the period ended 31 December 2022 was unqualified. The audit report was signed on 19/13 by Yogan Patel FCA (Senior Statutory Auditor) on behalf of MHA.