Registered No: 8211361

Cambridge Cognition Holdings plc

Annual Report and Accounts

31 December 2015

Cambridge Cognition Holdings plc

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Cambridge Cognition Holdings plc

Corporate Directory

Directors:	Michael Lewis (Non-Executive Chairman) Steven Powell (Chief Executive Officer) Nicholas Walters (Chief Financial Officer) Andrew Blackwell (Non-Executive) Eric Dodd (Non-Executive) Nicholas Kerton (Non-Executive)
Secretary:	Nicholas Walters
Registered Office:	Tunbridge Court Tunbridge Lane Bottisham Cambridge CB25 9TU
Company number:	8211361
Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Legal Advisers:	Baker Botts (UK) LLP 41 Lothbury London EC2R 7HF
Bankers	Barclays 28 Chesterton Road Cambridge CB4 3AZ
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Nominated Advisor and Joint Broker	finnCap 60 New Broad Street London EC2M 1JJ
Joint Broker	Hybridan LLP 20 Ironmonger Lane London EC2V 8EP

CHIEF EXECUTIVE'S REVIEW

Key Highlights:

- Revenue reduction reflects transition of business to Connect cloud-based platform
- Continued growth and development in underlying, core businesses of pharmaceutical clinical trials and academic research
- Expansion of US commercial team accommodated without significant increase in operating costs
- Product and technology development resulted in online testing and wearable testing capabilities and extension of intellectual property estate

Overview:

2015 was a year of significant change following an enforced change in the management team bringing a renewed focus on the core product businesses and an acceleration in development of healthcare technology projects. In both the academic and pharmaceutical clinical trials businesses we have stepped up our investment in innovative marketing programmes and expanded our sales team; particularly in the USA where we have now established a permanent office. In parallel we have filed new patents to underpin innovative technologies for healthcare markets following a period of accelerated development and we have forged a number of key relationships to translate these technologies into revenue generating opportunities. We anticipate that this partnering approach will deliver faster growth rates than could be achieved by the group alone given our limited resources.

The migration of our software products to the cloud based Connect platform has had a significant impact on our results for 2015. This development increases the accessibility of our products and is important to the long term future of the business. However, this migration resulted in a £0.75m decline in hardware sales in 2015 as customers were no longer bound to purchase a touch screen computer from the Company as they are now able to download the software onto tablets sourced themselves. This reduction in hardware sales has also led to an improvement in gross margins.

Notwithstanding lower hardware sales, for the second year running both the Pharmaceutical Clinical Trials and Academic Research businesses were both profitable and cash flow positive. The profit made from these businesses has been fully invested in the Healthcare Technology business.

Group financial results

The trading performance was broadly similar to the prior year, with the exception of the decline in hardware sales due to the move to Connect. Revenues fell by £0.76m in the year which is equivalent to the decline in hardware revenue. Despite an increase in the number of contract wins year-on-year, there was only marginal growth in software revenues. This is because 2014 recognised revenue from a single substantial contract win which skews the overall growth trajectory.

Group	2015 £'000	2014 £'000
Revenue	5,042	5,802
Hardware	329	1,080
Software	4,592	4,583
Other	121	139

Gross margins rose to 88% from the 2014 level of 85%. This was largely driven by the reduction in hardware sales over the year (which have a lower margin than software and services) and is another reason why this reduction in hardware sales will benefit the business in future years.

Despite our continued investment in Healthcare Technology and in a US facility, including an overall headcount increase of 12%, administrative expenses of £5.62m were held to within 1% of the 2014 level. An increase of £0.52m in pay costs was offset by strong cost control in other overheads. Grant income increased to £0.51m (2014: £0.34m), reflecting increased collaborative work.

These factors combined to produce an operating loss before exceptional item of £0.66m (2014: £0.30m). In addition, the group investigated the opportunity to acquire another business during the last quarter of 2015. This transaction failed to complete and the related cost of £0.21m has been disclosed as an exceptional item in the financial statements.

The taxation credit on research and development projects has been reduced in the year to £0.09m (2014: £0.12m) reflecting the maturity of the development cycle of our underlying products. Consequently, the loss per share has increased to 4.6 pence per share, or 3.4 pence per share before exceptional items (2014: 1.1 pence per share).

The reduction in cash balances to £0.76m at the year end was in line with the operating result. Excluding the impact of the exceptional item, working capital generated £0.12m of cash in the year. Investment in fixed assets of £0.13m included both the establishment of the office in the US and investment in our network infrastructure.

Pharmaceutical Clinical Trials

Since 2002 Cambridge Cognition has supplied the world's leading pharmaceutical companies with CANTAB™ cognitive assessment software, expert scientific consultancy for trial design and operational support services. The Company now provides a range of cloud-based products to enrich neurological pharmaceutical development from initial patient recruitment through phases I-IV clinical trials and post-marketing studies, thereby accelerating the development of safe and effective treatments for neurological disorders.

The reduction in Pharmaceutical Clinical Trials revenue comprises entirely the reduction in hardware sales arising from the migration to CANTAB Connect. Hardware sales were down £0.54m on last year.

The operating profit for the business unit was £0.20m (2014: £0.46m) reflecting a combination of the reduction in hardware sales and an increase in headcount following the expansion of the US-based clinical sales team during the reporting period.

Pharma	2015 £'000	2014 £'000
Revenue	3,395	3,926
Segment Profit	197	458

Having opened the US office toward the end of Q1 2015, the benefit of this facility on the Pharma results is expected to impact fully in 2016.

The product offer has changed significantly over the year as tests have been migrated to the new Cloud based 'Connect' product. The Company also restructured its support services in H2 2015 to be able to offer additional revenue generating services in clinical trial design and data analytics which, together, cement the Company's position as a leader in the neuroscience field.

Academic Research

Cambridge Cognition products for academic and biotechnology research have been used in 800 universities and research institutions worldwide leading to 1,600+ peer-reviewed publications and over 100,000 citations; making CANTAB™ the world's most highly validated cognitive assessment software.

The academic and biotechnology markets are key to the overall Cambridge Cognition business as they represent an opportunity for the group's products to be validated in a variety of clinical applications by key opinion leaders. Throughout the reporting period we have continued to secure business globally, including increased sales in Australia and the Far East, and we anticipate increasing software revenues in the coming year in all geographic territories. In particular we will target smaller and pilot academic projects and early stage biotechnology academic spin-off companies to strengthen the future sales pipeline.

The major investment in the US facility during the year is expected to generate a return next year as our greater understanding of the US academic market begins to generate more business.

Hardware revenue in the Academic Research business was also impacted by the move to CANTAB Connect. Total revenue fell by 7.9% to £1.54m (2014: £1.68m) with a £0.18m decline in hardware revenue being slightly offset by modest growth in software and service sales. The decline in revenue and the increased investment in the US facility impacted on the operating profit for the business unit, which was £0.30m (2014: £0.84m).

Academic	2015 £'000	2014 £'000
Revenue	1,544	1,675
Segment Profit	303	841

Healthcare Technology

To date, the principal usage of computerised cognitive assessment has been in the controlled environment of academic and industrial clinical research. These applications, whether in the laboratory or in the clinic, rely on infrequent snapshots to characterise profiles of impairment, recovery and decline and require a subject to travel to the investigating centre. Such sparse sampling of behaviour will often miss clinically significant changes, which can impact on quality of life and limit the ability to quantify the effects of neurological and medical conditions and their treatments.

The need for more effective measures of brain health has never been greater with the World Health Organization reporting that mental ill health is now the leading cause of disability worldwide and the global cost of mental illness is predicted to increase to over $6 trillion by 2030. However, the cost of transporting patients to clinical centres for treatment and monitoring is a significant burden on healthcare systems - in the USA the cost of transporting patients to their point of care is in excess of $5 billion per annum. With the evolution of effective data transmission, storage and analysis brought about by the digital revolution it is now technologically feasible for detailed point-of-care assessment and diagnosis

Cambridge Cognition is committed to bringing high-frequency measurement to patients and to provide them with tools to monitor daily variations in their cognitive health and, importantly, link these to data about their lifestyle, medication and physical health.

The Company began its digital healthcare innovation with the launch of CANTAB Mobile, a Class II medical device, now used routinely in the UK NHS to identify patients exhibiting the earliest signs of Alzheimer's disease and the product has, to date, measured the cognitive performance of 22,000 patients. Given the clinical acceptance of CANTAB Mobile, in December 2015 we gained a CE mark extension for and launched a related product CANTAB Insight, which allows in-depth evaluation of at risk patients to detect underlying signs of common mental health problems such as depression, schizophrenia and dementia at a very early stage. Whilst Mobile targeted the elderly for early signs of Alzheimer's disease, Insight not only targets a wider range of mental health problems but can be used from early adulthood.

Equipped with these two products we established our first product distribution agreements for the marketing of Mobile and Insight for clinical applications and these distributors are now preparing to launch these products internationally. Outside of the clinical sector, the Company formed a joint venture with Shandwell Limited to explore the opportunities for CANTAB Mobile and Insight in the corporate healthcare market. CANTAB Corporate Health Limited secured its first sales in H2 2015 and has built a notable pipeline of commercial interest in the product in the expectation of reporting significant income within its first year of trading.

In parallel with the extension of Mobile and Insight usage, in mid-2015 we initiated an accelerated development programme to translate cognitive assessment tests to near-patient applications. As a result we were rapidly able to file two patent applications in the field of monitoring patient cognition with wearable technology to take advantage of the evolving smart watch and smart phone technologies. Both patents provide an opportunity for consumers to receive high-quality, continuous monitoring of bio-behavioural measures which, if deviating from a baseline, would trigger cognitive testing through a mobile device without the need for visits to healthcare providers or other professionals.

The speed of development has further increased post the reporting period when we announced a technology collaboration with Ctrl Group for the design and development of a wearable device for near-user cognitive testing. By collecting data using a wearable device the new technology being developed will provide healthcare practitioners with a richer and more natural profile of mental health to improve the understanding, diagnosis and treatment of cognitive disorders.

This wearable platform, together with a new online testing format for trial recruitment will provide our pharmaceutical customers with tools to enhance the efficiency of clinical trial recruitment and monitoring as well as, in the medium-term, provide the means to monitor the health of patients being treated with a particular therapy. This activity will generate revenues in the near term and also provide important validating data for these products. The validating data can then be used to support the marketing of these products direct to patient groups via channel partners in line with our established healthcare strategy. For pharmaceutical companies, understanding the real world impact of interventions will support clinical trials of drug development candidates and marketed treatments for chronic diseases.

Outlook

The achievements of 2015, in particular the new joint venture arrangements and the expansion of the group's intellectual property estate, are a solid platform for future growth. 2016 has started well with a strong order book and improved sales pipeline. We also start the year with an enlarged commercial team in place unlike the prior year. As we look ahead, we have a renewed focus on accelerating revenue growth in both the academic research and pharmaceutical clinical trials businesses. This will be achieved by investing further in commercial infrastructure and deploying online testing for clinical trials recruitment and wearable technology for 24 hour patient assessment in conjunction with pharmaceutical partners.

In parallel we will continue to develop the healthcare business through partnerships as exemplified by the appointment of distributors for CANTAB Mobile and the formation of CANTAB Corporate Health with Shandwell Limited for the occupational health market.

To support our plans, we completed an oversubscribed placing of 3,386,111 Ordinary shares of 1 pence each on 25th April 2016 at a price of 37 pence per share to raise gross proceeds of £1.25 million.

Operationally, in 2015 we reported that both Andy Blackwell and Nick Kerton were moving to Non-executive roles. Nick’s move was a result of him having to take an extended leave of absence from the Company due to a serious medical condition. I am delighted to report that Nick responded well to his treatment and is an active non-executive member of the Board. These changes however resulted in us building a restructured management team which is now fully operational and well placed to drive the commercial growth of the Company in 2016 and beyond. We would however like to acknowledge the key roles played by both Andy and Nick in the development of the Company.

Finally we would like to acknowledge and thank our colleagues, partners and shareholders for their support over the past year as we transitioned the Company into what will be a new phase of its development and growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The group is exposed to a number of risks and uncertainties in undertaking its day to day operations. The key business risks affecting the group and how they are managed are set out below:

Financial

The group has a history of operating losses. Profitability depends on the success and market acceptance of current and new products and investment in sales infrastructure, without which the group will continue to make losses and consume cash. Until the commercialisation of new products and markets is successful the group will carefully monitor cost and cash flow with reference to ensuring the group is able to continue as a going concern. In particular the rate of investment in the Healthcare Technology business will be limited to the extent of any surplus cash reserves of the group and the positive cash flow derived from the Pharmaceutical Clinical Trials and Academic Research businesses.

The directors have prepared a strategic plan, including financial forecasts and cash flows, for the period to December 2018. The monitoring of cash and future projected cash flows, as well as the sales pipeline is therefore included in the regular board review.

Product and market development

Future success of the group is principally focussed on growth of near term revenues through the Pharma and Academic business units and the successful commercialisation of the Healthcare Technology business. The ability to transition current products to new markets and the development of new products for both existing and new markets will determine how successful the group will be in growing the division. At the present time there can be no certainty that new products will be adopted or new markets successfully opened and this could limit future growth prospects.

Technology and regulation

The success of the group and its ability to compete effectively with other companies partly depends upon its ability to protect its intellectual property and exploit its technology. During the year significant development work has continued on the product range across all three divisions to ensure that the group’s products remain competitive.at the forefront of the sector. Two patent applications were filed in the year as the group strives to enhance its intellectual property.

Growth management

The group's ability to manage its growth effectively requires it to continue to improve its operations, financial and management controls, reporting systems and procedures and to train, motivate and manage its employees. During the year, significant recruitment in business development and other functions has occurred and this needs to continue in 2016. The group’s future success depends on its ability to hire, train and retain key technical, scientific, regulatory, sales and marketing personnel. The group seeks to recruit and retain high calibre staff through offering share ownership incentives and rewards commensurate with their seniority in the business and maintaining open communication with employees.

Reliance on key customers

The group maintains close relationships with a number of customers but aims not to be overly dependent on any one of them. During 2015 the two biggest customers accounted for 17% and 13% (2014: 14% and 13%) of the total revenue of the business although no other customer accounted for more than 10%. Measures are being taken to continue to diversify the customer base by growing revenues in other areas as the loss of a key customer could impact the group in the short term although as the group increases in size the impact of any loss is reduced. There is a risk that the loss of a major customer before any growth in revenue was sufficient to compensate would result in a revenue shortfall.

KEY PERFORMANCE INDICATORS

The directors have monitored the performance of the group with particular reference to the key performance indicators being revenue and clinical order pipeline, operating margin and cash flow. An overview of the financial results for the year is provided earlier in this report.

KPIs at a glance:

KPI	2015 result	2014 result	Movement	Summary management commentary
Revenue	£5.04m	£5.80m	£0.76m, 13% reduction	The reduction is due almost entirely to the reduction in hardware revenue. The core software and services business has grown year on year.
Clinical order pipeline	£2.52m	£2.46m	Increase of £0.06m	Excluding hardware the pipeline has grown £0.18m or 8%.
Operating margin before exceptional item	(13%)	(5%)	8 percentage point decline	The decline represents a drop in operating profit of £0.36m, as well as a decline in revenue. This is driven by reduced hardware revenues, as administrative costs are at the same level as 2014.
Cash flow	£0.76m outflow	£0.74m outflow	Increase in outflow of £0.02m	Cash outflow in the year is broadly in line with trading profit.

The group monitors progress on a regular basis and will add to the key performance indicators as circumstances dictate. The directors value greatly the progress and innovation demonstrated by the group, but this cannot be readily measured in the style of a KPI. The directors are pleased with the innovation successes during 2015, and the plans for continued innovation going forward.

Approved by the Board of Directors and signed on behalf of the Board.

Steven Powell

Chief Executive Officer

10th May 2016.

Report of the Directors for the year ended 31 December 2015

The Directors present their report on the affairs of the Group and Company together with the financial statements for the year to 31 December 2015. The Group financial statements are prepared under International Financial Reporting Standards (EU-adopted IFRS).

PRINCIPAL ACTIVITIES

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and commercialises computerised neuropsychological tests for sale worldwide, principally in the UK, the US and Europe.

GOING CONCERN AND FINANCIAL RISK MANAGEMENT

Having reviewed the financial forecasts and business plan of the Company and its subsidiaries and taking into account the level of cash resources available to them, noting in particular the successful placing of 3,386,111 Ordinary shares of 1 pence each on 25th April 2016 at a price of 37 pence per share to raise gross proceeds of £1.25 million, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Further information on the Group's financial risk management strategy can be found in note 27.

SHARE ISSUES

The issued share capital of the Company is set out at Note 21 to the accounts. Following the exercise of options, 112,568 Ordinary shares were issued during the year at a price of £0.70 each.

DIRECTORS

The Directors who held office at 31 December 2015 and their interest in the share capital of the company were:

	Ordinary Shares of 1p each	
Name	**2015**	**2014**
Michael Lewis (Chairman)	27,969	27,969
Steven Powell	-	-
Nicholas Walters	119,369	119,369
Andrew Blackwell	131,095	281,095
Eric Dodd	-	-
Nicholas Kerton	172,900	172,900

On 1 July 2015, Andrew Blackwell stepped down as Chief Scientific Officer and an Executive Director, but remains on the Board as a Non-Executive Director.

On 6 July 2015, Steven Powell was appointed as Chief Operating Officer and joined the Board. On 15 February 2016, Steven Powell was appointed Chief Executive Officer. On the same date, Nicholas Kerton left his post as Chief Executive Officer but remains on the Board as a Non-Executive Director.

DIRECTORS' REMUNERATION AND SHARE OPTIONS

Details of Directors' remuneration and share options are provided within the Remuneration Report and are in addition to the interests in shares shown above.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards and applicable laws including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the

Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company and Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the applicable IFRSs, or for the parent company, applicable UK GAAP have been followed, subject to any material departures disclosed and explained in the Company's financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' INDEMNITY ARRANGEMENTS

During the year the Company purchased Directors' and Officers' liabilities insurance in respect of itself and its directors.

SUBSTANTIAL SHAREHOLDERS

The Company's major shareholders at 31 December 2015 were:

Name	No. of Ordinary Shares	%
Euroblue Investments Limited	3,540,714	20.8%
Octopus Investments Nominees Ltd	3,035,781	17.8%
Michael Buxton	2,889,589	17.0%
Hargreave Hale	1,014,120	6.0%
WH Ireland	851,454	5.0%
LGT Capital Management	755,000	4.4%
Axa Investment Managers UK Ltd	714,285	4.2%
Artemis Fund Managers Ltd	714,285	4.2%

AUDITOR

A resolution to re-appoint Grant Thornton UK LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting. In accordance with normal practice, the Directors will be authorised to determine the Auditor's remuneration.

Approved by the Board of Directors

And signed on behalf of the Board

Nick Walters
Company Secretary

Cambridge Cognition Holdings plc

Corporate Governance Report for the year ended 31 December 2015

The Board of Cambridge Cognition Holdings plc is responsible for the long term financial success of the business. The Directors recognise the value and importance of high standards of corporate governance and so far as is practicable and appropriate for a company of its size, stage of development and nature as a Company whose securities are traded on AIM, adopts policies and principles of good corporate governance.

The current members of the Board of Directors are:

Michael Lewis – Non-Executive Chairman – Mr Lewis has 25 years global Health and Pharma industry experience. He is currently Executive Chairman of iPlato an m-Health provider with 9M patient connections in the UK, Chairman of Haem02, a biotechnology company developing artificial human haemoglobin, and Chairman of Glyconics Ltd, developing diagnostics for COPD director of Mikale Ltd. Mr Lewis is also a lecturer, speaker and invited Chair of innovation sessions at NHS Expo, Chairs the KTN Medtech group, and was past Chair of the Assisted Living Innovation platform. He previously has held senior roles at Gambro (Brussels), Boston Scientific (Paris), C.R. Bard (New Jersey), Sybron (Switzerland) and Becton Dickinson (UK).

Dr. Steven Powell – Chief Executive Officer – Dr Powell graduated in microbiology from the University of Wales and was awarded a PhD from the University of Aberdeen. He has over 30 years operational and investment experience in pharmaceutical and healthcare R&D and his operational experience includes appointments with Beecham Pharmaceuticals (GSK), Whatman, Chiroscience, Celsis, Active Biotech, KS Biomedix and Plethora Solutions. During this time he has held four CEO roles, two in public companies. In 2003, he joined Gilde Healthcare, a pan-European life sciences investment fund and remains an adviser to the fund. To date, Dr Powell has co-founded four companies of which two have been sold and has invested in multiple biotechnology companies. In 2011, Dr Powell established a successful interim management practice focused on healthcare and technology companies.

Nicholas Walters – Chief Financial Officer - A chartered accountant, Mr Walters has served as Finance Director, Deputy Chairman and Chairman on a number of Boards. Mr Walters has over thirty years' experience across a wide range of industry sectors and a track record for addressing the fundamentals in these companies and setting them up for sustainable growth. He has experience of start-ups in both the USA and the Far East as CFO.

Dr. Andrew Blackwell – Non-Executive Director - Following an MA and a PhD in psychology from the University of St Andrews, Dr Blackwell undertook postdoctoral training in cognitive neuropsychology and psychopharmacology at the University of Cambridge, working closely with the main inventors of CANTAB, Professors Trevor Robbins and Barbara Sahakian. Dr Blackwell has published numerous papers in quality journals, including Science, American Journal of Psychiatry and Neuropsychopharmacology. He joined Cambridge Cognition in 2006 and was appointed as a director and Chief Scientific Officer in 2007. Dr Blackwell became a Non-Executive Director in July 2015.

Eric Dodd – Non-Executive Director – Mr Dodd brings significant experience in board-level positions to the Company, including having been Chief Financial Officer of Antisoma plc, Morse plc and Stanmore Implants Worldwide Holdings Limited, a rapidly growing medical devices company supported by venture capital investors. Mr Dodd is presently Chief Financial Officer at KBC Advanced Technologies plc.

Dr. Nicholas Kerton – Non-Executive Director – Dr Kerton is an experienced director of public and private companies in the healthcare industry. Having completed a Ph.D. in Organic Synthetic Chemistry at Nottingham University, he progressed through the Wellcome Foundation, and then joined DuPont and Whatman Reeve Angel plc in senior business development and sales roles before moving into microbiology as Managing Director of Malthus Instruments, a subsidiary of Radiometer of Denmark. Dr Kerton was a member of the management team who established Celsis PLC, one of the first biotechnology companies to float on the London Stock Exchange, led the successful sale of Maybridge to Fisher Scientific International, founded Lab21 (a molecular diagnostics service funded by Merlin Biosciences) during which time he acquired three companies, and managed the Sirigen Group from initial venture capital funding in 2008 through to selling the business to Becton Dickinson in August 2012.

The Company has adopted a code for share dealings by directors and employees which is appropriate for an AIM company and which complies with Rule 21 of the AIM Rules on "Restrictions on deals".

The Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee. The Audit Committee is comprised of Eric Dodd (Chair), Michael Lewis, Nicholas Kerton and Andrew Blackwell. The Nomination Committee is comprised of Andrew Blackwell (Chair), Michael Lewis, Eric Dodd and Nicholas Kerton. The Remuneration Committee is comprised of Michael Lewis (Chair), Eric Dodd, Nicholas Kerton and Andrew Blackwell.

The Audit Committee's responsibilities include making recommendations to the Board on the appointment of the Company's auditors, approving the auditor's fees, safeguarding the objectivity and independence of the auditors, reviewing the findings of the audit and monitoring and reviewing effectiveness of the Company's internal audit function. The audit Committee is also responsible for monitoring the integrity of the financial statements of the Company, including its annual and half yearly reports and interim management statements.

The Nomination Committee's responsibilities include reviewing the structure, size and composition of the Board, making recommendations to the Board concerning membership of Board committees and identifying and nominating candidates for the Board for Board approval.

The Remuneration Committee's responsibilities include determining the remuneration of the executive directors, reviewing the design of all share incentive plans and determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used. Annual performance evaluation is based on targets set at the outset of each year and bonuses paid, as appropriate, in line with the agreed incentive plan.

Cambridge Cognition Holdings plc

Remuneration Report for the year ended 31 December 2015

The Company has established a Remuneration Committee. The members of the Remuneration Committee are:

Michael Lewis (Chair)
Eric Dodd
Nicholas Kerton
Andrew Blackwell

The Committee makes recommendations to the board. No director plays a part in any discussion about his own remuneration.

Components of Executive Directors' remuneration

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to enhance the group's market position and to reward them for increasing value to shareholders. The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee.
There are five main elements of the remuneration package for the executive directors and senior management:

- Basic annual salary;
- Benefits-in-kind;
- Annual bonus payments;
- Share option incentives; and
- Pension arrangements.

Non-Executive Directors' remuneration

The remuneration of Non-Executive Directors is determined by the Board and reflects their anticipated time commitment to fulfill their duties. The Non-Executive Directors' remuneration is subject to the same principles of the Group Remuneration policy. The letters of appointment of Non-Executive Directors can be terminated with one month's notice given by either party.

Directors' remuneration (audited)
The remuneration of the Directors is as follows:

	Salary/Fee £'000	Benefits £'000	Bonus £'000	Pension £'000	2015 Total £'000	2014 Total £'000
Current Directors:						
Remuneration as Executives:						
Nicholas Kerton	153	-	-	-	**153**	192
Andrew Blackwell*	49	1	-	5	**55**	111
Nicholas Walters	48	-	-	-	**48**	56
Steven Powell**	10	-	-	-	**10**	-
Remuneration as Non-Executives:						
Michael Lewis	44	-	-	-	**44**	40
Eric Dodd	30	-	-	-	**30**	30
Andrew Blackwell*	15	-	-	-	**15**	-
Former Directors:						
Jane Worlock***	-	-	-	-	**-**	16
Total	349	1	-	5	**355**	445

* Resigned as Executive Director and appointed as a Non-Executive Director on 1 July 2015
** Appointed 6 July 2015
*** Resigned 8 May 2014

Payments were also made to third parties for the services of Nicholas Walters and Steven Powell. See note 28 to the consolidated financial statements.

Share Options:

	Granted	Number of Options	Performance criteria	Exercise price in pence	Exercise period
Andrew Blackwell	Apr 2013	112,568	-	70 pence	To Apr 2023
	Apr 2013	112,568	-	70 pence	To Apr 2023
	Apr 2013	112,567	-	70 pence	Apr 2016 – Apr 2023
Nicholas Kerton	Sept 2014	75,000	(1)	60 pence	To 30 Sep 2024
	Sept 2014	75,000	(2)	60 pence	To 30 Sep 2024
	Sept 2014	250,000	(3)	60 pence	To 30 Sep 2024
	Sept 2014	75,000	(4)	60 pence	To 30 Sep 2024
	Sept 2014	250,000	(5)	60 pence	To 30 Sep 2024
Nicholas Walters	Sept 2014	75,000	(3)	60 pence	To 30 Sep 2024
	Sept 2014	75,000	(5)	60 pence	To 30 Sep 2024
Steven Powell	July 2015	62,500	(6)	82.5 pence	To 8 July 2025
	July 2015	62,500	(7)	82.5 pence	To 8 July 2025

Performance Criteria

(1) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 90 pence. This condition was fulfilled on 1 October 2015
(2) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 115 pence. This condition must be met prior to 31 December 2016
(3) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 120 pence. This condition must be met prior to 31 December 2016
(4) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 150 pence. This condition must be met prior to 31 December 2016
(5) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 200 pence. This condition must be met prior to 31 December 2016
(6) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 120 pence. This condition must be met prior to 31 December 2017
(7) Options vest once the average of the closing price of shares in the Company over two consecutive dealing days, as derived from the London Stock Exchange Daily Official List, has equalled or exceeded 200 pence. This condition must be met prior to 31 December 2017

Independent Auditor's Report to the Members of Cambridge Cognition Holdings plc

We have audited the financial statements of Cambridge Cognition Holdings Plc for the period ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 9 and 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Newstead
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
12th May 2016

Cambridge Cognition Holdings plc

Consolidated Statement of Comprehensive Income

	Notes	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Revenue	5	5,042	5,802
Cost of sales		(590)	(866)
Gross profit		4,452	4,936
Administrative expenses		(5,620)	(5,583)
Other income	7	509	343
Operating (loss) before exceptional item	8	(659)	(304)
Exceptional item	9	(208)	-
Operating (loss) after exceptional item		(867)	(304)
Finance income		-	9
Finance costs		-	-
(Loss) before tax		(867)	(295)
Income tax	12	85	122
(Loss) and total comprehensive income for the period attributable to the equity shareholders of the parent		(782)	(173)

Earnings per share (pence)	13		
Basic and diluted earnings per share		(4.6)	(1.1)
Basic and diluted earnings per share excluding exceptional items		(3.4)	(1.1)

The above results relate to continuing operations.

Total comprehensive income equates to the loss for the period reported above.

Cambridge Cognition Holdings plc

Consolidated statement of financial position

	Notes	At 31 December 2015 £'000	At 31 December 2014 £'000
Assets			
Non-current assets			
Goodwill	14	352	352
Property, plant and equipment	15	141	64
Total non-current assets		493	416
Current assets			
Inventories	17	58	185
Trade and other receivables	18	1,641	1,632
Cash and cash equivalents		756	1,519
Total Current assets		2,455	3,336
Total assets		2,948	3,752
Liabilities			
Current liabilities			
Trade and other payables	20	1,535	1,703
Total liabilities		1,535	1,703
Equity			
Share capital	21	170	169
Share premium account		6,412	6,335
Other reserve		5,981	5,981
Own shares	22	(51)	(174)
Retained earnings		(11,099)	(10,262)
Total equity		1,413	2,049
Total liabilities and equity		2,948	3,752

The financial statements on pages 16 to 39 were approved by the Board of Directors and authorised for issue on 10th May 2016 and were signed on its behalf by:

Steven Powell
Chief Executive Officer

Cambridge Cognition Holdings plc

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	**169**	**6,335**	**5,981**	**(204)**	**(10,151)**	**2,130**
Total comprehensive income for the year	-	-	-	-	(173)	(173)
Issue of new share capital	-	-	-	-	-	-
Transfer on allocation of shares held in trust	-	-	-	30	(30)	-
Credit to equity for equity-settled share-based payments	-	-	-	-	92	92
Transactions with owners	-	-	-	30	62	92
Balance at 31 December 2014	**169**	**6,335**	**5,981**	**(174)**	**(10,262)**	**2,049**
Balance at 1 January 2015	**169**	**6,335**	**5,981**	**(174)**	**(10,262)**	**2,049**
Total comprehensive income for the period	-	-	-	-	(782)	(782)
Issue of new share capital	1	77	-	-	-	78
Transfer on allocation of shares held in trust	-	-	-	123	(123)	-
Credit to equity for equity-settled share-based payments	-	-	-	-	68	68
Transactions with owners	1	77	-	123	(55)	146
Balance at 31 December 2015	**170**	**6,412**	**5,981**	**(51)**	**(11,099)**	**1,413**

Cambridge Cognition Holdings plc

Consolidated statement of cash flows

	Notes	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Net cash flows from operating activities	23	(708)	(693)
Investing activities			
Purchase of property, plant and equipment		(133)	(49)
Net cash flow used in investing activities		(133)	(49)
Financing activities			
Proceeds from the issue of share capital net		78	-
Net cash flows from financing activities		78	-
Net (decrease)/increase in cash and cash equivalents		(763)	(742)
Cash and cash equivalents at start of period		1,519	2,261
Cash and cash equivalents at end of period	23	756	1,519

Notes to the financial statements

1. General information

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and commercialises computerised neuropsychological tests for sale worldwide, principally in the UK, the US and Europe.

The Company is a public limited company which is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange (COG) and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

In the period since Cambridge Cognition Limited's formation in 2002, it has created a well-established business through sales of its proprietary CANTAB® (Cambridge Neuropsychological Test Automated Battery) software into academic and pharmaceutical research locations around the world. More recently, focus has increasingly turned to applications serving primary healthcare markets.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS. The accounting policies adopted are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2014. The financial statements have been prepared under the historical cost convention.

The subsidiary undertakings included within the consolidated financial statements as at 31 December 2015 are given in note 16.

2. Outlook for adoption of future Standards (new and amended)

No standards or interpretations that impacted the Group financial statements came into effect during the year.

At the date of authorisation of the Consolidated Financial Statements, the following Standards and Interpretations which have not been applied in the Consolidated Financial Statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from contracts with customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

Management has not yet commenced detailed analysis of how these new standards may impact the calculation and presentation of the Group's financial statements. It is not anticipated that any of these standards will be early adopted.

All other Standards and Interpretations are considered to have no impact on the Group as they do not apply to the Group at present.

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the results of the company and of its subsidiaries.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.2 Going concern

At the time of approving the financial statements, and based on a review of the group's forecasts and business plan, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors reached their conclusion following the successful placing of Ordinary shares referred to in Note 29 to the accounts.

3. Significant accounting policies (continued)

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods and licences

The Group recognises revenue when all the following conditions are satisfied:

- the significant risks and rewards of ownership of the goods are transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognised in Statement of Comprehensive Income but not yet invoiced is held on the Statement of Financial Position within 'Trade and other receivables'. Revenue invoiced but not yet recognised in the Statement of Comprehensive Income is held on the Statement of Financial Position within 'Deferred revenue'.

Revenue is classified as follows:

Supply of software licences

Sales from software licences are recognised in full when the licences are provided since there is no significant ongoing obligation to the Group.

Supply of product

Supply of product consists of hardware sold in conjunction with software licence fees and associated other services. Revenue is recognised on despatch of the product when the significant risks and rewards of ownership are transferred to the buyer.

Supply of associated services

Sales of clinical testing services are recognised based on work done, which can include straight-line recognition or be subject to achieving milestones set out in the related service agreements, provided a right to consideration has been established. For example, study management services will normally be recognised over the length of the contract, whereas sales from training are recognised as the training services are performed.

A number of the above elements may be sold together as a bundled contract. Revenue is recognised separately for each component if it is considered to represent a separable good or service and a fair value can be reliably established. The Group derives fair value for its professional services based on day rates for consultants. Where software is included within a bundled arrangement, the residual value of the contract is ascribed to the software after a fair value has been allocated to all other components.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4 Grants

Grants of a revenue nature are credited to profit and loss to match with the expenses incurred.

3.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received at the time the entity enters into an operating lease agreement, such incentives are recognised as a liability and released through profit and loss over the term of the lease agreement. The aggregate benefit of incentives is recognised in profit and loss as a reduction to rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant accounting policies (continued)

3.6 Foreign currencies
The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). The UK pound is the functional currency the Company and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

3.7 Post employment benefit costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

3.8 Exceptional items
Where, in the opinion of the Directors, an event or a series of closely linked events that are outside the normal operations of the business have a material impact on the operating result, the impact of this event will be disclosed separately on the face of the income statement. Other key metrics, for example earnings per share, may also include a distinction which excludes any exceptional items. In all cases, amounts will be shown but excluding and including exceptional items.

3.9 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies (continued)

3.10 Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from synergies arising from the combination. Cash-generating units to which goodwill has been attributed under IFRS 3 Business Combinations are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.11 Tangible and intangible assets

(a) Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures, fittings and equipment	-	25% - 33% per annum straight line
Leasehold improvements	-	straight line over the lesser of 5 years or over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss on the transfer of the risks and rewards of ownership.

(b) Internally-generated intangible assets – research and development expenditure
The Group undertakes research and development expenditure in view of developing new products. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits, for example it is technically and commercially feasible and the group has sufficient resources to complete development; and
- the development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

3.12 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.13 Financial instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Significant accounting policies (continued)
3.13 Financial instruments (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3. Significant accounting policies (continued)

3.14 Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3.15 Employee Benefit Trust
In order to facilitate the exercise of share options the group maintains an Employee Benefit Trust (EBT). This is consolidated in accordance with IFRS10. The costs of purchasing own shares held by the EBT are deducted from equity under 'Own Shares' reserve. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group's profit and loss or other comprehensive income. When shares are subsequently transferred to employees for less than their purchase price the difference is a realised loss recognised directly in reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies.

Revenue recognition
Trading operations within the Group recognise revenue with regard to amounts chargeable to customers under service contracts. In making its judgement, management consider the detailed criteria for the recognition of revenue from the provision of continuous services set out in IAS 18 Revenue. The Directors are satisfied that the significant risks and rewards are transferred and that recognition of the revenue over the duration of the contractual period is appropriate.

Goodwill
The Group reviews the carrying value of its goodwill balances by carrying out impairment tests at least on an annual basis. These tests require estimates to be made of the value in use of its CGUs which are dependent on estimates of future cash flows and long-term growth rates of the CGUs. See note 14.

Capitalisation of development costs
The point at which development costs meet the criteria for capitalisation is critically dependent on management judgment of the probability of future economic benefits. No development was completed in the year ended 31 December 2015 whose benefits could be reliably evaluated separate from existing revenue streams. No development costs have therefore been capitalised during 2015 (2014: £nil).

Recovery of deferred tax assets
Deferred tax assets have not been recognised for deductible temporary differences, share options and tax losses as management considers that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either a Black-Scholes model or a Binomial Option model, with the assumptions detailed in note 25. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit and loss and equity.

5. Revenue

An analysis of revenue by reportable business unit is as follows:

	2015 £'000	2014 £'000
Pharmaceutical Clinical Trials	3,395	3,926
Academic Research	1,544	1,675
Healthcare Technology	103	201
	5,042	5,802

An analysis of the Group's revenue for each major product and service category is as follows:

	2015 £'000	2014 £'000
Hardware	329	1,080
Software and services	4,592	4,583
Other	121	139
	5,042	5,802

6. Business and geographical segments

Products and services from which reportable segments derive their revenues
Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the three types of market in which the Group operates. The Group's reportable segments under IFRS 8 are therefore as follows:

- Pharmaceutical Clinical Trials: Products and services for use in regulated pharmaceutical clinical trials
- Academic Research: Cognitive test products for researchers working in a non-regulated environment, typically in academia
- Healthcare Technology: Medical software for use in healthcare delivery settings

6. Business and geographical segments (continued)

Segment revenues and results
The following is an analysis of the Group's revenue and results by reportable segment:

	Pharmaceutical Clinical Trials 2015 £'000	Academic Research 2015 £'000	Healthcare Technology 2015 £'000	Consolidated 2015 £'000
Revenue				
External sales	3,395	1,544	103	5,042
Result				
Segment profit/ (loss)	197	303	(1,102)	(602)
Central costs				(566)
Other income				509
Operating (loss) before exceptional item				(659)
Exceptional item				(208)
Operating (loss) after exceptional item and (loss) before tax				(867)
Tax				85
(Loss) after tax				(782)

	Pharmaceutical Clinical Trials 2014 £'000	Academic Research 2014 £'000	Healthcare Technology 2014 £'000	Consolidated 2014 £'000
Revenue				
External sales	3,926	1,675	201	5,802
Result				
Segment profit/ (loss)	458	841	(992)	307
Central costs				(954)
Other income				343
Operating (loss)				(304)
Finance income				9
(Loss) before tax				(295)
Tax				122
(Loss) after tax				(173)

The accounting policies of the reportable segments are the same as the accounting policies described in note 3. Segment profit represents the profit earned by each segment with an allocation of support function costs. Central costs represent the Company's corporate costs. This measure is reported to the Chief Executive for the purpose of resource allocation and assessment of segment performance. The methodology for measuring segment profit was updated during the year and prior year comparatives have been restated accordingly.

6. Business and geographical segments (continued)

Segment net assets

	2015 £'000	2014 £'000
Pharmaceutical Clinical Trials	895	865
Academic Research	510	686
Healthcare Technology	12	10
Total allocated assets	1,417	1,561
Unallocated assets	1,531	2,191
Consolidated total assets	2,948	3,752

For the purposes of monitoring segment performance and allocating resources between segments the group monitors the assets of each segment. Inventory and trade receivables are allocated to reportable segments. Due to the size and nature of the other assets within the group these are monitored on a consolidated basis. Goodwill has been allocated to reportable segments as described in note 14.

Geographical information

The revenue from external customers by geographical location is detailed below:

	2015 £'000	2014 £'000
United Kingdom	1,054	1,337
United States of America	2,620	2,806
European Union	785	1,233
Rest of world	583	426
	5,042	5,802

Information about major customers

Revenue amounting to £854,000 and £660,000 (2014: £798,000 and £777,000) of reported sales can be attributed to two customers who each accounted for more than 10% of reported revenue for the related year. Both these customers were in the Pharmaceutical Clinical Trials business unit and in the USA. No other customers accounted for more than 10 per cent of reported revenue.

7. Other operating income

Other operating income is made up of the following:

	2015 £'000	2014 £'000
Grant income	509	343

8. Loss for the year

Loss for the year has been arrived at after charging/ (crediting):

	2015 £'000	2014 £'000
Net foreign exchange (gains)	(18)	(70)
Research and development costs	1,304	1,242
Depreciation of property, plant and equipment	56	38
Staff costs (see note 11)	3,587	3,060

9. Exceptional item

In the final quarter of 2015, the company investigated the possibility of acquiring a US based Group. The acquisition was not completed. Expenses, which principally related to professional fees, totalled £208,000. As these expenses are of a magnitude and nature that the Directors consider to be outside of the Group’s normal operating business, they have been separately disclosed as an exceptional item.

10. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2015 £'000	2014 £'000
Fees payable to the Company's auditor for the audit of:		
the company's annual accounts	12	11
the subsidiaries' annual accounts	18	17
Total audit fees	30	28
Taxation compliance services	6	6
Other services	7	7
Total non-audit fees	13	13
Fees payable to affiliate firms of the Company's auditor:		
Other services	11	-

11. Staff costs

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Operations	43	40
Business development	9	7
Administrative support	14	12
	66	59

Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	3,067	2,600
Social security costs	269	247
Other pension costs (see note 26)	183	121
Share-based payments charge (see note 25)	68	92
	3,587	3,060

12. Taxation

	2015 £'000	2014 £'000
Corporation tax:		
Current year	-	-
Adjustments in respect of prior years	(85)	(122)
	(85)	(122)
Deferred tax (see note 19)	-	-
Total tax (credit)	(85)	(122)

Corporation tax is calculated at 20.25% (2014: 21.49%) of the estimated taxable profit for the year.

The tax charge for each year can be reconciled to the profit per statement of comprehensive income as follows:

	2015 £'000	2014 £'000
(Loss) before tax on continuing operations	(867)	(295)
Tax at the UK corporation tax rate of 20.25% (2013: 21.49%)	(176)	(63)
Expenses not deductible for tax purposes	72	41
Unrelieved tax losses arising	-	48
Deduction on exercise of share options	(45)	(18)
Movement in unprovided deferred tax	149	(8)
Adjustment in respect of prior years	(85)	(122)
Tax (credit) for the year	(85)	(122)

The credit in respect of prior years relates to the receipt of R&D tax credits in respect of 2014 (2014: in respect of 2013). No claim has yet been made for 2015 and no credit has been recognised in the financial statements.

13. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	2015 £'000	2014 £'000
Earnings for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	(782)	(173)
Earnings for the purposes of basic and diluted earnings per share excluding exceptional item	(574)	(173)

Number of shares

	2015 '000	2014 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	16,831	16,439

As the effect of options would be to reduce the loss per share the diluted loss per share is the same as the basic loss per share.

14. Goodwill

	Goodwill £'000
Cost and net book value	
At 1 January 2015 and 31 December 2015	352
At 1 January 2014 and 31 December 2014	352

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to Academic Research.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. In the year to 31 December 2015 the Academic business CGU produced a segment profit of £303,000 (see note 6) and with encouraging prospects for 2016 and beyond, the carrying value of goodwill is fully supported by the Academic results and no impairment provision is required.

15. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2014	38	344	382
Additions	-	49	49
At 31 December 2014	38	393	431
At 1 January 2015	38	393	431
Additions	38	95	133
Disposals	-	(27)	(27)
At 31 December 2015	76	461	537
Depreciation			
At 1 January 2014	38	291	329
Charge for the year	-	38	38
At 31 December 2014	38	329	367
At 1 January 2015	38	329	367
Charge for the year	9	47	56
Disposals	-	(27)	(27)
At 31 December 2015	47	349	396
Net Book value			
At 31 December 2015	29	112	141
At 31 December 2014	-	64	64

16. Subsidiaries

Details of the Company's subsidiaries at 31 December 2015 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Cambridge Cognition Limited	United Kingdom	100%	100%
Cambridge Cognition Trustees Limited	United Kingdom	100%	100%
Cambridge Cognition LLC	Delaware, United States of America	100%	100%

In addition, Cantab Corporate Health Limited was incorporated in England and Wales in September 2015, with the Group owning 70% of the company, with 70% voting power. Cantab Corporate Health did not commence trading until 2016, and as such is not included in these consolidated financial statements.

17. Inventories

	2015 £'000	2014 £'000
Finished goods and goods for resale	58	185

During the year inventories with a total value of £234,000 (2014: £654,000) were included in the income statement as an expense.

18. Trade and other receivables

	2015 £'000	2014 £'000
Amount receivable for the sale of goods	1,008	1,058
Allowance for doubtful debts	(20)	(20)
	988	1,038
Prepayments and accrued income	226	381
Other receivables	427	213
	1,641	1,632

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are measured at amortised cost.

The average credit period offered on sales of goods varies from 30 days to 90 days. The Group has recognised an allowance for doubtful debts based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the year-end but against which the Group has not recognised an allowance for doubtful receivables. There has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 59 days in 2015 (2014: 67 days).

Ageing of past due but not impaired receivables:

	2015 £'000	2014 £'000
31-60 days	168	178
61-90 days	126	108
91-120 days	11	61
121 or more days	37	-
	342	347

Movement in the allowance for doubtful debts:

	2015 £'000	2014 £'000
Balance at the beginning of the period	20	25
(Decrease) in provision	-	(5)
Balance at the end of the period	20	20

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Management considers that all the above financial assets that are not impaired or past due are of good credit quality.

19. Deferred Tax

At the reporting date, the group has unused tax losses of £8.4 million (2014: £8.3 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses as there is uncertainty over the timing of future taxable profits. Other losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of share options.

20. Trade and other payables

Amounts falling due within one year

	2015 £'000	2014 £'000
Trade payables	486	543
Social security and other taxes	70	79
Other payables	24	99
Accruals and deferred income	955	982
	1,535	1,703

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days (2014: 44 days). For all suppliers no interest is charged on the trade payables. Group policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments. The Directors consider that the carrying amount of trade payables approximates their fair value.

21. Share capital

	2015 £'000	2014 £'000
Issued and fully paid		
17,043,124 (2014: 16,930,556) Ordinary Shares of £0.01 each	170	169

During the year 112,568 Ordinary shares were issued following the exercise of share options at an exercise price of £0.70 per share.

No other shares were issued during the year.

22. Own Shares

	2015 £'000	2014 £'000
Own Shares Reserve	51	174

The Own Shares Reserve represents the cost of shares acquired by the Cambridge Cognition Employee Benefit Trust to satisfy options under the group's share options schemes. The number of shares held by the Employee Benefit Trust at 31 December 2015 was 122,193 (2014: 415,783).

During the year employees exercised 293,590 share options at an exercise price of £0.01. A transfer of £123,000 was made from Own Shares Reserve to Retained Earnings in respect of these exercised options.

23. Notes to the cash flow statement

	2015 £'000	2014 £'000
(Loss) before tax	(867)	(295)
Adjustments for:		
Depreciation of property, plant and equipment	56	38
Share-based payment expense	68	92
Operating cash flows before movements in working capital	(743)	(165)
Decrease/ (Increase) in inventories	127	(62)
(Increase) in receivables	(44)	(663)
(Decrease)/ Increase in payables	(168)	68
Cash generated by operations	(828)	(822)
Tax credit received	120	129
Interest received/(paid)	-	-
Net cash from operating activities	(708)	(693)

Included in the cash flows for 2015 are £9,000 cash payments in respect of the exceptional item. The remaining £199,000 is included in the movement in payables line item.

Cash and cash equivalents

	2015 £'000	2014 £'000
Cash and bank balances	756	1,519

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

24. Operating lease arrangements

	2015 £'000	2014 £'000
Lease payments under operating leases recognised as an expense in the year	173	173

At the reporting date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £'000	2014 £'000
Within one year	115	163
In the second to fifth years inclusive	45	82
After five years	-	-

Operating lease payments represent rentals payable by the group for rent, copiers and franking machines. Property rental across four buildings has an average of 15 months to expiry at 31 December 2015. The average outstanding rental period for other leases is 34 months.

25. Share-based payments

Equity-settled share option scheme
The Company has a share option scheme for key employees of the Group. The vesting periods vary between 0 and 3 years. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding during the year are as follows:

	2015		2014	
	Number of share options	Weighted average exercise price (in £)	Number of share options	Weighted average exercise price (in £)
Outstanding at beginning of period	1,850,426	0.53	1,119,344	0.43
Exercised during the period	(406,158)	(0.20)	(118,351)	(0.01)
Granted during the period	547,200	0.83	875,000	0.60
Forfeited during the period	(116,580)	(0.81)	(25,567)	(0.67)
Outstanding at the end of the period	1,874,888	0.68	1,850,426	0.53
Exercisable at the end of the period	369,661	0.65	705,911	0.38

The options outstanding at 31 December 2015 had a weighted average remaining contractual life of 8.6 years.

Options were granted on 9 July 2015. The performance conditions attached to these options are such that options vest dependent on the company achieving certain share price hurdles. The performance conditions, which are market conditions, have been incorporated into the measurement by actuarial modelling. The aggregate of the estimated fair values of the options granted is £60,933. The inputs into the Binomial Option model are as follows:

	July 2015
Share price at date of issue	83p
Exercise price	83p
Expected volatility	35%
Expected life	10 years
Risk-free rate	1.60%
Expected dividend yields	0.0%

Expected volatility was determined by considering the expected share price movements and other comparable listed companies in the sector. For each option tranche a minimum share price hurdle for the options to vest was set in accordance with the individual terms set out in the option contracts.

The Group recognised total expenses of £68,000 (2014: £92,000), related to equity-settled share-based payment transactions.

26. Post-employment benefit schemes

Defined contribution schemes
The group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in funds under the control of independent trustees.

The total cost charged to income of £183,000 (2014: £121,000) represents contributions payable to these schemes by the group at agreed rates. As at 31 December 2015, contributions of £17,000 (2014: £17,000) due in respect of the current reporting period had not been paid over to the schemes.

27. Financial instruments

Capital risk management
The Group manages its capital to ensure the Group is able to continue as a going concern while maximising the return to stakeholders through optimising the balance between the Group debt and equity. The Group had no borrowings at 31 December 2015.

The current capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as follows:

	2015 £'000	2014 £'000
Cash and cash equivalents	756	1,519
Equity shareholder funds	1,413	2,049

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies
Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	2015 £'000	2014 £'000
Financial assets classified as loans and receivables		
Cash and bank balances	756	1,519
Trade and other receivables	1,339	1,092
Financial liabilities at amortised cost		
Trade and other payables	920	1,037

Financial risk management objectives
The Group's Finance function is responsible for all aspects of corporate treasury. It co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures by degree and magnitude. The risks reviewed include market risk (including currency risk), credit risk and liquidity risk.

Liquidity Risk
Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring cash outflows due in day-to-day business. The Board reviews an annual 12 month financial projection as well as information regarding cash balances on a monthly basis. The Group maintains cash and cash equivalents to meet its liquidity requirements for up to a 30-day period.

At 31 December 2015, the Group's financial liabilities had contractual maturities which are summarised below:

	2015 £'000 Within 1 year	2014 £'000 Within 1 year
Trade payables	486	543
Other payables	434	494
	920	1,037

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). The Group has limited exposure to foreign currency exchange rates and does not believe the use of financial derivatives is appropriate.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

27. Financial instruments (continued)

Foreign currency risk management
The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the year end were as follows:

	Liabilities		Assets	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
US Dollar	40	25	921	989
Euro	-	-	179	214

A movement in the £/$ exchange rate of +/- 5% from 31 December 2015 to the date of realising the US dollar net asset position would result in a gain/loss of £44,000 (2014: £48,000). Similarly with the Euro, the gain/loss would be £9,000 (2014: £11,000).

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group makes appropriate enquiries of the counter party and independent third parties to determine credit worthiness. Use of other publicly available financial information and the Group's own trading records is made to rate its major customers. The Group's exposure and the credit worthiness of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit exposure is also controlled by counterparty limits that are reviewed and approved by Group management continuously.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying amount recorded for financial assets in the Statement of Financial Position is net of impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect to third parties.

Fair value of financial instruments
Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Statement of Financial Position approximate their fair values.

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

Remuneration of directors and key management personnel
The remuneration of the senior Executive Management Committee members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2015 £'000	**2014 £'000**
Short-term employee benefits	527	479
Post-employment benefits	5	9
Termination benefits	-	-
Share-based payments	47	50
	579	538

Payments in respect of each director are set out in the Remuneration Report. The audited section of that Report forms part of the financial statements.

Other transactions

In addition to the above, during 2015 the Group incurred consultancy fees of £48,000 (2014: £64,000) from MCR Holdings, a partnership of which Nicholas Walters is a partner. At 31 December 2015 a balance of £12,965 (2014: £5,517) was outstanding to MCR Holdings.

Since Steven Powell's appointment as a Director on 6 July 2015, the Group has incurred consultancy fees of £40,448 from The Truffaldino Partnership, a company of which Steven Powell is a Director. At 31 December 2015 a balance of £11,863 was outstanding to The Truffaldino Partnership.

29. Post Balance Sheet Event

On 25 April 2016 the Group announced the placing of 3,386,111 new Ordinary Shares of 1 pence each at a price of 37 pence per share to raise gross proceeds of £1.25 million.

Cambridge Cognition Holdings plc

Parent Company statement of financial position

	Notes	At 31 December 2015 £'000	At 31 December 2014 (Restated) £'000
Assets			
Non-current assets			
Investments	2	207	195
Total non-current assets		207	195
Current assets			
Trade and other receivables	3	4,763	4,920
Cash and cash equivalents		40	41
Total current assets		4,803	4,961
Total assets		**5,010**	**5,156**
Liabilities			
Current liabilities			
Trade and other payables	4	260	156
Total liabilities		260	156
Equity			
Share capital	5	170	169
Share premium account		6,412	6,335
Own shares		(51)	(174)
Retained earnings		(1,781)	(1,330)
Total equity		4,750	5,000
Total liabilities and equity		**5,010**	**5,156**

The financial statements of Cambridge Cognition Holdings plc on pages 40 to 44 were approved and authorised for issue by the board on 10th May 2016 and were signed on its behalf by:

Steven Powell
Chief Executive Officer

Cambridge Cognition Holdings plc

Parent Company statement of changes in equity

	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	169	6,335	(204)	(938)	5,362
Issue of new share capital	-	-	-	-	-
Transfer on allocation of shares held in trust	-	-	30	(30)	-
Credit to equity of equity-settled share-based payments	-	-	-	92	92
(Loss) for the year	-	-	-	(454)	(454)
At 31 December 2014	169	6,335	(174)	(1,330)	5,000
At 1 January 2015	169	6,335	(174)	(1,330)	5,000
Issue of new share capital	1	77	-	-	78
Transfer on allocation of shares held in trust	-	-	123	(123)	-
Credit to equity of equity-settled share-based payments	-	-	-	68	68
(Loss) for the year	-	-	-	(396)	(396)
At 31 December 2015	170	6,412	(51)	(1,781)	4,750

1. Significant accounting policies

1.1 Basis of accounting

The separate financial statements of the company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. United Kingdom accounting standards have been updated and the Company has elected to use Financial Reporting Standard – 'The Reduced Disclosure Framework' (FRS 101) as its accounting base from 1 January 2014. FRS 101 is more closely aligned to International Financial Reporting Standards ("IFRS") which is the accounting base of the Group. FRS 101 also affords qualifying companies some disclosure exemptions. The company has taken advantage of the following disclosure exemptions:

- Early application of the amendment to FRS 101 allowing exemption from presenting an opening statement of financial position at the beginning of the earliest comparative period presented
- Disclosure exemption allowing no cash flow statement or related notes to be presented
- Disclosure exemption allowing the company not to disclose related party transactions when transactions are entered into wholly within the Group
- Disclosure exemption around Key Management Personnel compensation (though see note 28 of the Group accounts and the Directors Remuneration Report)
- Capital management disclosures (though see note 27 of the Group accounts)
- Disclosure exemption on the effect of future accounting standards
- Disclosure exemption on share-based payment information disclosures (IFRS 2), as this information has been presented for the Group in note 25 of the consolidated financial statements
- Disclosure exemption on financial instrument disclosures (IFRS 7) as this information has been presented for the Group is in note 27 of the consolidated financial statements.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period from transition. The accounts are presented in Pounds Sterling ("£"), and to the nearest £1,000.

No profit and loss account is presented for Cambridge Cognition Holdings plc as provided by section 408 of the Companies Act 2006. The company's loss after tax for the financial year was £396,000 (2014: £454,000).

1.2 Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

1.3 Financial instruments

The company's financial instruments accounting policy is as per the Group's policy (see note 3.13).

1.4 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Employee Benefit Trust

An Employee Benefit Trust (EBT) is maintained in order to facilitate the exercise of employee share options. This is aggregated into the parent company in accordance with UITF Abstract 38. The costs of purchasing own shares held by the EBT are deducted from equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Company's profit and loss account or statement of total recognised gains and losses. When shares are subsequently transferred to employees for less than their purchase price the difference is a realised loss recognised directly in reserves.

2. Investments

	Investment in Subsidiaries £'000
Cost	
At 1 January 2015	195
Additions	12
At 31 December 2015	207
Provisions for impairment	
At 31 December 2014 and At 31 December 2015	-
Net Book value	
At 31 December 2015	207
At 31 December 2014	195

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated accounts.

Name	Country of Operation	Proportion of Ownership and Voting Power Held	Nature of Business
Cambridge Cognition Limited	England	100%	Development and sale of computerised neuropsychological tests
Cambridge Cognition Trustees Limited	England	100%	Trustee company
Cambridge Cognition LLC	USA	100%	Sales office

In addition, Cantab Corporate Health Limited was incorporated in England and Wales in September 2015, with the Group controlling 70% of the issued equity. Cantab Corporate Health did not commence trading until 2016.

3. Trade and other receivables

	2015 £'000	2014 £'000
Amounts due from subsidiary undertakings	4,738	4,911
Other receivables	25	9
	4,763	4,920

4. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	131	32
Social security and other taxes	13	16
Accruals	116	108
	260	156

5. Share capital

The details on the share capital of the Company are provided at note 21 to the Group's accounts.

6. Reconciliation from 'old UK GAAP' to FRS 101

As described in note 1, FRS 101 replaces 'old UK GAAP' effective from 1 January 2014 and is used for the first time in preparing these financial statements. The company has one reconciling item, in that FRS 101 requires that interest-free loans be revalued in the loan debtor's accounts, but not in the loan creditor's. To avoid this inconsistency, the Company now receives interest at a rate of 7.5% per annum on loans to Cambridge Cognition Limited.

	Total equity at 31 December 2014 £'000	Total equity at 1 January 2014 £'000	Loss for 2014 £'000
As originally presented under 'old UK GAAP'	4,659	5,362	(795)
Recognition of interest receivable	341	-	341
As presented in these financial statements	5,000	5,362	(454)

7. Post Balance Sheet Event

The details of the post balance sheet event are provided at note 29 to the Group's accounts.