

# Financial Statements

## Delcam Limited

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For the period ended 31 January 2017

Registered number: 2311487



Delcam Limited

## Company Information

<b>Directors</b>	Peter John Baxter Paul David Underwood
<b>Registered number</b>	2311487
<b>Registered office</b>	Talbot Way Small Heath Business Park Birmingham West Midlands B10 0HJ
<b>Independent auditors</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT
<b>Bankers</b>	Lloyds Bank Plc 125 Colmore Row Birmingham West Midlands B3 3SF
<b>Solicitors</b>	Morrison & Foerster LLP Citypoint, One Ropemaker Street London EC2Y 9AW

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# Strategic Report

For the period ended 31 January 2017

## **Principal activities**

From 1 January 2016 to 31 July 2016, the principal activities of the company were the supply of CAD/CAM systems and services for the design of products with complex shapes and their manufacture with tooling. On 1 August 2016, as part of a group reorganization, Delcam Limited integrated its principal activities into Autodesk Limited. From 1 August 2016 the principal activity of the company became that of software licensing and development.

## **Business review and future developments**

The results are set out on page 10. The Company's revenue and profit after tax for the thirteen month period ended 31 January 2017 was £30.2m (Year ended 31 December 2015: £34.9m) and £28.5m (Year ended 31 December 2015: £4.2m) respectively. The retained profit for the year will be transferred to reserves.

On 1 August 2016, as part of the group reorganization referred to above, the Company entered into an Asset Purchase Agreement with Autodesk Limited, a company incorporated under the laws of England and Wales. The consideration payable was the underlying net asset value of £4.3m. With Delcam fully integrated within Autodesk, the enlarged Group will be able to work more closely together and customers will benefit from a broader product offering.

The Directors of Delcam believe that Autodesk's financial strength, global reach and position as a leader in design and engineering software have the potential to provide increased opportunity for Delcam's employee stakeholders and channel partners and an enhanced product offering to its customers, given the relatively small overlap in the product portfolios of the two businesses.

## **Key performance indicators**

The Directors have established a number of key performance indicators, which are used to measure and monitor the performance of the Company in a number of different areas.

The Company's primary key performance indicators are detailed below. Source data is taken from the audited financial statements.

# Strategic Report

For the period ended 31 January 2017

	13 month Period ended 31 January 2017	Year ended 31 December 2015
<b>KPI</b>		
Turnover (£'000s)	30,211	34,860
Profit before taxation (£'000s)	35,381	5,917
Gross margin (%)	85.8	96.6
Average number of employees	246	282

In FY17, turnover decreased by 13% due to the business transition from supply of CAD/CAM systems and services to that of software licensing and development.

Profit before taxation increase from £5,917,000 to £35,381,000 is due to the sale of net assets to Autodesk Limited. As part of this sale, the workforce was transferred from Delcam Limited to Autodesk Limited and as such operating expenses around wage and wage related expenses were also transferred. Additionally, on 1 August 2016, Delcam Limited sold intangible assets at a profit of £19,716,000 and shares in certain subsidiaries at a profit of £4,247,000.

The average number of employees decreased from 281 to 246 due to new recruitment increasingly taking place in Autodesk Limited to reflect the transfer of trade and assets.

# Strategic Report

For the period ended 31 January 2017

## **Principal risks and uncertainties**

The principal risks and uncertainties facing the business before the transfer of trade were as follows:

- Commercial failure of one or more of its products: The company mitigates this risk by maintaining a focus on quality and by developing a number of diverse products across different industry sectors;
- Variability in the levels of demand in the market:– The company is reliant on the relative strength of the economies in which it operates but the risk is mitigated via the diversity of regions in which it operates;
- Competitive pressures on pricing:– Whilst the company operates in certain niche markets in which it is the most significant operator, other areas are highly competitive and the company faces constant downwards pricing pressures;
- Delays or additional costs in product design and launch programs:– As the company's products are technologically advanced, the timescale of developing new products or upgrades is uncertain. The company has sufficient working capital to support this investment;
- Management of and its controls around cash of its foreign businesses: To mitigate these risks the company's senior management regularly visit overseas sites, and monitor the financial performance in line with monthly budgets;
- Technological changes:– Mitigated by continual investment in research and development;
- Intellectual property infringement and piracy:– The company rigorously defends its intellectual property in every jurisdiction in which it operates;
- Recruitment and retention of a highly skilled workforce:– Mitigated by our graduate recruitment policy.

The principal risks and uncertainties facing the business after the transfer of trade are as follows:

- Management of and its controls around cash of its foreign businesses: To mitigate these risks the company's senior management regularly visit overseas sites, and monitor the financial performance in line with monthly budgets;
- Financial risks: There are no financial risks for this company as all financial risks are held at the ultimate parent company.
- Intellectual property infringement and piracy:– The company rigorously defends its intellectual property in every jurisdiction in which it operates;

Delcam Limited

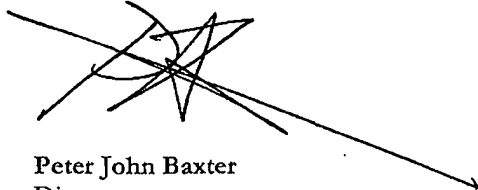
## Strategic Report

For the period ended 31 January 2017

### Going concern

The financial statements have been prepared on the going concern basis as the ultimate parent company has confirmed it will continue to provide financial support sufficient to allow this company to continue to trade and to meet its financial and other obligations as they fall due for a period of at least 12 months from the date of signing of these accounts.

This report was approved by the board on 1 February 2018 and signed on its behalf.



Peter John Baxter  
Director

## **Directors' Report**

**For the period ended 31 January 2017**

The directors present their report and the audited financial statements for the period ended 31 January 2017.

### **Results and dividends**

The profit for the period, after taxation, amounted to £28,544,000 (2015 - £4,170,000).

On 29 July 2016 the company paid a dividend totalling £13,041,484 to its immediate parent undertaking Autodesk Development B.V (year ended 31 December 2015: Nil).

No further dividends have been paid since the period end.

### **Directors**

The directors who served during the period were:

Peter John Baxter  
Paul David Underwood

### **Environmental matters**

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

### **Financial instruments**

The Company's principal financial instruments are amounts receivable from subsidiary and associated undertakings, cash and cash equivalents and amounts payable to subsidiary and associated undertakings.

The Company's policy for the financing of its business is principally by the use of a mixture of cash balances and retained earnings.

### **Credit risk**

The Company relies on maintaining a high quality customer base and the effective management of its sales partners and places emphasis on good credit management. This is managed by strict control over trade receivables and application of credit limits. At 31 January 2017, the company's credit risk is primarily limited to inter company amounts owing.

### **Interest rate risk**

At the present time, the Directors do not consider it necessary to use specific measures to control this risk. The Company does not have significant borrowings. Interest rate risk on cash deposits is managed via the use of short term investment bonds to maximise return.

### **Liquidity risk**

The Strategic Report includes commentary on the application of the going concern assumption in preparing the financial statements. Ongoing liquidity is ensured by careful management of the Company's cash balances.

### **Foreign currency risk**

The Company has overseas subsidiaries as detailed in note 15. Their revenues and expenses are denominated substantially in their local currencies.



## Directors' Report (continued)

For the period ended 31 January 2017

### Company's policy for payment of creditors

The Company pays supplier invoices in line with payment terms granted by suppliers, which is typically 30 days from date of invoice.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements on the 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 enable them to ensure that the audited 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.

### Matters covered in the strategic report

The principal activities, business review and future developments, key performance indicators, principal risks and uncertainties facing the business and going concern are included in the strategic report.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

### Post balance sheet events

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

**Delcam Limited**

## Directors' Report (continued)

For the period ended 31 January 2017

### **Auditors**

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 February 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'Peter John Baxter', is written over a diagonal line that extends from the signature area towards the right margin.

Peter John Baxter  
Director

## Independent Auditors' Report to the Members of Delcam Limited

We have audited the financial statements of Delcam Limited for the period ended 31 January 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement on page 6, 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](http://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 Company's affairs as at 31 January 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Independent Auditors' Report to the Members of Delcam Limited (continued)

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

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

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report under the Companies Act 2006**

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

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



David Munton (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Birmingham

1 February 2018

# Statement of Comprehensive Income

For the period ended 31 January 2017

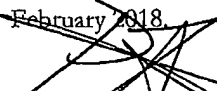
		13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
	Note		
Turnover	4	30,211	34,860
Cost of sales		(4,299)	(1,174)
<b>Gross profit</b>		<b>25,912</b>	<b>33,686</b>
Distribution costs		(548)	(1,015)
Administrative expenses		(13,813)	(27,846)
Other operating income		23,926	903
<b>Operating profit</b>	6	<b>35,477</b>	<b>5,728</b>
Dividend income		-	270
Interest receivable and similar income	10	1	99
Interest payable and similar charges	11	(97)	(180)
<b>Profit before tax</b>		<b>35,381</b>	<b>5,917</b>
Tax on profit	12	(6,837)	(1,747)
<b>Profit for the period/year</b>		<b>28,544</b>	<b>4,170</b>
<b>Other comprehensive (expenses)/ income for the period/year</b>			
Actuarial losses on defined benefit pension scheme		(9,734)	(1,185)
Movement on deferred tax relating to defined benefit pension scheme		456	225
<b>Other comprehensive expense for the period/year</b>		<b>(9,278)</b>	<b>(960)</b>
<b>Total comprehensive income for the period/year</b>		<b>19,266</b>	<b>3,210</b>

## Statement of Financial Position

As at 31 January 2017

	Note	31 January 2017 £'000	31 December 2015 £'000
<b>Fixed assets</b>			
Intangible assets	13	158	1,250
Tangible assets	14	-	1,709
Investments in subsidiaries and associates	15	529	2,706
		<u>687</u>	<u>5,665</u>
<b>Current assets</b>			
Stocks	16	-	32
Debtors	17	16,437	18,947
Cash at bank and in hand	18	31,033	21,098
		<u>47,470</u>	<u>40,077</u>
Creditors: amounts falling due within one year	19	(13,868)	(11,470)
<b>Net current assets</b>		<u>33,602</u>	<u>28,607</u>
<b>Total assets less current liabilities</b>		<u>34,289</u>	<u>34,272</u>
Creditors: amounts falling due after more than one year	20	-	(474)
<b>Provisions for liabilities</b>			
Provisions	23	-	(480)
		<u>-</u>	<u>(480)</u>
Pension liability		-	(6,073)
<b>Net assets</b>		<u><u>34,289</u></u>	<u><u>27,245</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	849	849
Share premium account	25	8,918	8,918
Capital redemption reserves	25	9	9
Share based payment reserves	25	2,954	2,135
Profit and loss account	25	21,559	15,334
		<u><u>34,289</u></u>	<u><u>27,245</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 February 2018.

  
Peter John Baxter  
Director

Delcam Limited

Statement of Changes in Equity  
For the period ended 31 January 2017

	Called up share capital	Share premium account	Capital redemption reserves	Share based payment reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2016	849	8,918	9	2,135	15,334	27,245
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	28,544	28,544
Actuarial losses on defined benefit pension scheme	-	-	-	-	(9,734)	(9,734)
Deferred tax	-	-	-	-	456	456
<b>Contributions by and distributions to owners</b>						
Dividends: Equity capital	-	-	-	-	(13,041)	(13,041)
Share based payments	-	-	-	819	-	819
<b>At 31 January 2017</b>	<b>849</b>	<b>8,918</b>	<b>9</b>	<b>2,954</b>	<b>21,559</b>	<b>34,289</b>

Delcam Limited

Statement of Changes in Equity  
For the year ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Share based payment reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2015	849	8,918	9	840	12,124	22,740
Profit for the year	-	-	-	-	4,170	4,170
Actuarial losses on defined benefit pension scheme	-	-	-	-	(1,185)	(1,185)
Deferred tax	-	-	-	-	225	225
Share based payments	-	-	-	1,295	-	1,295
<b>At 31 December 2015</b>	<b>849</b>	<b>8,918</b>	<b>9</b>	<b>2,135</b>	<b>15,334</b>	<b>27,245</b>

The notes on pages 16 to 42 form part of these financial statements.



# Statement of Cash Flows

For the period ended 31 January 2017

	13 month period ended 31 January 2017 £000	Year ended 31 December 2015 £000
<b>Cash flows from operating activities</b>		
Profit for the financial period	28,544	4,170
<b>Adjustments for:</b>		
Amortisation of intangible assets	470	359
Depreciation of tangible assets	127	204
Profit on disposal of intangible fixed assets	(19,716)	-
Profit on disposal of investments	(4,247)	-
Decrease in stocks	32	116
Interest paid	(97)	(180)
Interest received	1	99
Taxation charge for the period	6,837	1,747
Decrease/(increase) in debtors	3,663	(724)
Decrease/(increase) in amounts owed by subsidiary undertakings	2,504	(1,035)
Decrease/(increase) in amounts owed by associated undertakings	1,352	(131)
(Decrease)/increase in creditors	(7,907)	1,676
(Decrease)/increase in provisions	(480)	15
Movement in defined benefit pension scheme	(6,575)	181
Reversal of provision for impairment on investments in subsidiaries	(117)	(134)
Corporation tax paid	(1,970)	292
Share based payments	819	1,295
Research and Development Tax Credit	-	(930)
Additional pension contributions	(8,821)	(46)
Impairment of goodwill	-	521
Finance costs	97	180
Finance income	(1)	(99)
Dividends from subsidiary companies	-	(270)
<b>Net cash (utilised by)/generated from operating activities</b>	<b>(5,485)</b>	<b>7,306</b>

## Statement of Cash Flows (continued)

For the period ended 31 January 2017

	31 January 2017 £000	31 December 2015 £000
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(6)	(85)
Sale of intangible assets	20,344	-
Purchase of tangible fixed assets	(82)	(343)
Sale of tangible fixed assets	1,664	-
Purchase of fixed asset investments	(11,995)	-
Sale of fixed asset investments	18,536	1
<b>Net cash from/(utilised by) investing activities</b>	<b>28,461</b>	<b>(427)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(13,041)	-
Dividends from subsidiary companies	-	270
<b>Net cash (used in)/ generated from financing activities</b>	<b>(13,041)</b>	<b>270</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,935</b>	<b>7,149</b>
Cash and cash equivalents at beginning of period	21,098	13,949
<b>Cash and cash equivalents at the end of period</b>	<b>31,033</b>	<b>21,098</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	31,033	21,098
	<b>31,033</b>	<b>21,098</b>

The notes on pages 16 to 42 form part of these financial statements.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 1. General information

The principal activities of the company for the period to 31 July 2016 were the supply of CAD/CAM systems and services for the design of products with complex shapes and their manufacture with tooling. From 1 August 2016 the principal activity of the company became that of software licensing and development.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements for the period ended 31 January 2017 have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 102, 'The Financial Reporting Standard applicable in the United Kingdom' and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

### 2.2 Investments in subsidiaries and associates

Investments in subsidiaries and associates are held at cost less impairment.

### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Sales of software and hardware are recognised when the goods are delivered and title has passed.

Sales of software maintenance and upgrade agreements form part of a multiple element contract and are spread on a straight-line basis over the length of the contract.

Income from software licensing and maintenance is recognised on an accruals basis in accordance with relevant contracts.

Training income is recognised on completion of the training.

Interest income is accrued on a timely basis, by reference to the principal outstanding at the effective interest rate applicable.

Grant income received against specific projects is offset against the costs recoverable on contract balances within receivables unless it is in excess of the costs incurred on those projects and then it is included within payables.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 2. Accounting policies (continued)

### 2.4 Intangible assets

#### Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

### 2.5 Development costs

Expenditure on a development project will be written off as incurred unless and until the project is identified as being:

- a.) for a new or substantially improved product or process;
- b.) technically feasible;
- c.) commercially feasible, and with a high probability that recovery of the costs will take place.

For a project meeting all of the above criteria, subsequent costs will be capitalised and amortised through administrative expenses from the date the product or process is available for use, on a straight-line basis over the product's estimated useful life, estimated to be a maximum of three years.

The available tax credit arising from allowable research and development expenditure is taken as part of the operating results as permitted by the Corporation Tax Act 2009 part 3 chapter 6A S104N.

### 2.6 Tangible fixed assets

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

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

# Notes to the Financial Statements

For the period ended 31 January 2017

## 2. Accounting policies (continued)

### 2.6 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	-	2%
Plant and machinery	-	10%
Office equipment	-	20%

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

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

### 2.7 Operating leases: the Company as lessee

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

### 2.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include the relevant proportion of production overhead assuming normal levels of activity.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 2. Accounting policies (continued)

### 2.10 Debtors

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

### 2.11 Cash and cash equivalents

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors, amounts due from/to group and associated undertakings, cash at bank and in hand and accruals.

Financial instruments that are payable or receivable within one year are measured initially and subsequently at the undiscounted amount of cash and other considerations expected to be paid or received. Financial instruments that are payable or receivable for more than one year are initially measured at the present value of future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each of the reporting periods for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.13 Creditors

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

# Notes to the Financial Statements

For the period ended 31 January 2017

## 2. Accounting policies (continued)

### 2.14 Foreign currency translation

The company's functional and presentational currency is Pound Sterling (GBP).

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

### 2.15 Finance costs

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

### 2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 2. Accounting policies (continued)

### 2.17 Share based payments

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

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

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

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

### 2.18 Pensions

#### Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

#### Defined benefit pension plan

The company's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefits payable to members, discounted to present value, and deducting the fair value of the plan assets. The calculation is performed by a qualified independent actuary using the projected unit credit method. Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis and are discounted using an appropriate corporate bond matching the maturity of the scheme. Actuarial gains or losses are recognised in other comprehensive income. Current and past service costs, curtailments and settlements are recognised within operating profit in the Statement of Comprehensive Income. The company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the obligation. The net interest expense is recognised as a component of finance income or cost.

A pension scheme surplus is only recognised if the company has the unconditional right to the refund of the surplus or to reduce future contributions, or is able to benefit from a future reduction in contributions.

### 2.19 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.



# Notes to the Financial Statements

For the period ended 31 January 2017

## 2. Accounting policies (continued)

### 2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

### 2.21 Current and deferred taxation

#### Current tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

#### Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

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

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

### 2.22 Government grants

Grants are recognised in the statement of financial position initially as other payables. Grants in respect of assets are transferred to the statement of comprehensive income as other operating income over the estimated useful life of the asset concerned. Grants to compensate for expenses are transferred to the statement of comprehensive income in the same periods as the expenses are incurred.

# Notes to the Financial Statements

For the period ended 31 January 2017

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

The Company makes estimates and assumptions about the future. The resulting accounting estimates seldom equal the related actual results. The key sources of estimation uncertainty that have the most significant risk of causing a material risk to the carrying value of assets and liabilities within the next financial year are discussed below:

### Defined benefit pension scheme

Details of the Company's defined benefit pension scheme are set out in note 27 of these financial statements. The main area of estimation are the valuation of pension scheme liabilities which represent the net present value of projected future pension payments. These calculations are performed by the scheme actuary, with whom the Directors have agreed the underlying assumptions to be applied. The key assumptions are rates of increase in pension benefits, mortality rates, inflation and the discount rate applied to produce the net present value. The discount rate is derived from an agreed upon rate between the Company and the scheme actuary.

During the current period the defined benefit pension scheme was transferred to Autodesk Limited and no liability remains with this company at the period end.

### Recoverability of internally generated assets - research and development

During the period, management have considered the recoverability of the development expenditure. The remaining projects continue to progress satisfactorily and customer reaction has confirmed management estimates of anticipated revenues from the projects. Management are confident that the carrying amount of the asset will be recoverable.

### Provisions

Prior to the reorganisation on 1 August 2016, the Company has made a number of provisions (disclosed in note 23) which by their nature require an element of estimation, and as such balances are material, form part of the key estimates made by the Board.

### Key judgements applying to the Company's accounting policies

The Company's accounting policies are set out in note 1. The key judgements the Directors have made in applying these accounting policies are detailed below:

### Capitalisation of development costs

The criteria for capitalisation of development costs are set out in note 2.5 above. The Directors apply their judgement in deciding whether any development costs meet these criteria.

### Debtor provision

Management considers the age of the debtor compared to credit terms made available together with other factors which may prevent full payment, and include provisions accordingly.

All trade debtors were transferred to Autodesk Limited on 1 August 2016.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 4. Turnover

An analysis of turnover by class of business is as follows:

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Sale of software	13,653	17,506
Maintenance income	12,876	13,666
Sale of hardware	617	757
Consultancy	-	1,858
Project income	409	549
Training	-	524
Royalty sales	2,656	-
	<u>30,211</u>	<u>34,860</u>

All turnover derives from the principal activities.

## 5. Other operating income

	13 month period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Profit on disposal of intangible assets	19,716	-
Profit on disposal of investments in subsidiaries	4,247	-
Loss on disposal of investments in associates	(37)	-
Above the line research and development tax credit	-	903
	<u>23,926</u>	<u>903</u>

As part of part of a wider group reorganisation within the Delcam Group, this company sold intangible assets and investments in subsidiaries to fellow group undertakings.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 6. Operating profit

The operating profit is stated after charging:

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Research & development charged as an expense	4,682	7,700
Provision for impairment in investments in associates	248	-
Depreciation of tangible fixed assets	127	204
Reversal of impairment in investment in subsidiary	(365)	(134)
Above the line research and development tax credit	-	903
Amortisation of intangible assets	470	359
Impairment of goodwill	-	521
Fees payable to the Company's auditor for the audit of the company's annual financial statements	60	63
Share based payments	819	1,295
	<u>          </u>	<u>          </u>

## 7. Auditors' remuneration

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	60	63
<b>Total audit services</b>	<u>60</u>	<u>63</u>
Other services relating to taxation	-	3
Accounting assistance	-	2
Grant certifications	5	4
<b>Total non audit services</b>	<u>5</u>	<u>9</u>

# Notes to the Financial Statements

For the period ended 31 January 2017

## 8. Employees

Staff costs were as follows:

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Wages and salaries	7,412	14,172
Social security costs	1,097	1,447
Share based payments	819	1,295
Other pension costs	1,094	720
	<u>10,422</u>	<u>17,634</u>

The average monthly number of employees, including the directors, during the period was as follows:

	13 Month Period ended 31 January 2017 No.	Year ended 31 December 2015 No.
Development and production	180	187
Sales and distribution	43	74
Administration	23	21
	<u>246</u>	<u>282</u>

As part of the Autodesk integration, all employees of the Company were transferred to Autodesk Limited on 1 August 2016. The numbers disclosed above represent average employees for the period from 1 January 2016 to 1 August 2016. From 2 August 2016, the only employees were the directors.

## 9. Directors' remuneration

There were no key management personnel other than the directors. During the period, no directors received any emoluments from the Company.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 10. Interest receivable and similar income

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Other interest receivable	1	99
	<u>1</u>	<u>99</u>

## 11. Interest payable and similar charges

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Interest expense for borrowings at amortised cost	-	3
Other loan interest payable	32	-
Defined benefit pension interest cost (note 27)	65	177
	<u>97</u>	<u>180</u>

## 12. Taxation

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
<b>Corporation tax</b>		
Current tax on profits for the period/year	5,636	882
Adjustments in respect of previous periods	(244)	-
<b>Total current tax</b>	<u>5,392</u>	<u>882</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,546	625
Amendment to prior year estimates	(101)	240
<b>Total deferred tax</b>	<u>1,445</u>	<u>865</u>
<b>Taxation on profit on ordinary activities</b>	<u>6,837</u>	<u>1,747</u>

# Notes to the Financial Statements

For the period ended 31 January 2017

## 12. Taxation (continued)

### Factors affecting tax charge for the period/year

The tax assessed for the period is lower than (Year ended 31 December 2015 - higher than) the standard rate of corporation tax in the UK of 20% (Year ended 31 December 2015 - 20.25%). The differences are explained below:

	13 Month Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Profit on ordinary activities before tax	35,381	5,917
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (Year ended 31 December 2015 - 20.25%)	7,076	1,198
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,050	240
Adjustments to tax charge in respect of prior periods	(345)	240
Non-taxable income - Research and development	-	(183)
Other non taxable income	(719)	(55)
Share options exercised in the year	(233)	(138)
Amounts credited to equity	(455)	(225)
Change in tax rates	(203)	-
Unprovided deferred tax asset	666	670
<b>Total tax charge for the period/year</b>	<b>6,837</b>	<b>1,747</b>

### Factors that may affect future tax charges

The main rate of corporation tax reduced to 19% from 1 April 2017 and further reductions are planned to reduce the rate to 17% from 1 April 2020.

Deferred tax has been measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Notes to the Financial Statements

For the period ended 31 January 2017

**13. Intangible assets**

	Goodwill £000	Customer Lists £000	Develop- ment costs £000	Trademarks £000	Intellectual Property £000	Total £000
<b>Cost</b>						
At 1 January 2016	521	860	2,030	270	959	4,640
Additions	-	-	-	6	-	6
On transfer of trade and assets	-	(860)	(1,673)	(118)	-	(2,651)
Disposals	(521)	-	-	-	(959)	(1,480)
At 31 January 2017	-	-	357	158	-	515
<b>Amortisation</b>						
At 1 January 2016	521	244	1,581	162	882	3,390
Charge for the period	-	172	203	18	77	470
On transfer of trade and assets	-	(416)	(1,533)	(74)	-	(2,023)
On disposal	(521)	-	-	-	(959)	(1,480)
At 31 January 2017	-	-	251	106	-	357
<b>Net book value</b>						
At 31 January 2017	-	-	106	52	-	158
At 31 December 2015	-	616	449	108	77	1,250

Goodwill related to the acquisition of the cash generating unit of Crispin Limited which was fully impaired in a prior period. The company no longer produces related products and the goodwill has been treated as disposed in the current period.

Intangible assets are amortised over their individual estimated useful lives.

**Amortisation rates:**

Development costs- over 3 years from date products go into production.

Other intangible assets - over 10 years.

As part of the integration with Autodesk Limited, certain intangible assets were transferred to Autodesk Limited on 1 August 2016 at their net book value (see Note 32).



## Notes to the Financial Statements

For the period ended 31 January 2017

**14. Tangible fixed assets**

	Long-term leasehold property £000	Plant and machinery £000	Office equipment £000	Total £000
At 1 January 2016	3,831	291	2,163	6,285
Additions	-	-	82	82
Disposals	-	(12)	(1,467)	(1,479)
On transfer of trade and assets	(3,831)	(279)	(778)	(4,888)
At 31 January 2017	-	-	-	-
At 1 January 2016	2,611	131	1,834	4,576
Depreciation expense for the period	21	17	89	127
On disposals	-	(9)	(1,430)	(1,439)
On transfer of trade and assets	(2,632)	(139)	(493)	(3,264)
At 31 January 2017	-	-	-	-
<b>Net book value</b>				
At 31 January 2017	-	-	-	-
At 31 December 2015	1,220	160	329	1,709

As part of the integration with Autodesk Limited, all remaining tangible fixed assets were transferred to Autodesk Limited on 1 August 2016 at their net book value (see Note 32).

## Notes to the Financial Statements

For the period ended 31 January 2017

**15. Investments in subsidiaries and associates**

	Investments in subsidiary companies £000	Investments in associated companies £000	Total £000
<b>Cost</b>			
At 1 January 2016	3,018	379	3,397
Additions	11,995	-	11,995
Disposals	(14,289)	-	(14,289)
At 31 January 2017	724	379	1,103
<b>Impairment</b>			
At 1 January 2016	618	73	691
Charge for the period	(365)	248	(117)
At 31 January 2017	253	321	574
<b>Net book value</b>			
At 31 January 2017	471	58	529
At 31 December 2015	2,400	306	2,706

**Subsidiary undertakings**

The company holds ordinary shares in the following subsidiary undertakings as at 31 January 2017:

Name	Country of incorporation	Holding	Principal activity
Delcam Professional Services Limited	United Kingdom	100 %	Consultancy and advance manufacturing
Beijing Delcam Integrated System Co. Limited	China	100 %	Supply of CAD/CAM systems
Delcam Malaysia Sdn. Bhd	Malaysia	100 %	Supply of CAD/CAM systems
Delcam Software (India) Private Limited	India	100 %	Supply of CAD/CAM systems
Delcam Consulting and Technology Services Limited	India	90 %	Consultancy
Delcam Australia Pty Limited	Australia	100 %	Supply of CAD/CAM systems
Delcam Ukraine LLC	Ukraine	100 %	Supply of CAD/CAM systems
PT Delcam Indonesia	Indonesia	100 %	Supply of CAD/CAM systems
Delta Soft LLC	Russia	100 %	Supply of CAD/CAM systems
Delcam Technologies Limited	India	100 %	Consultancy
Crispin Systems Limited	United Kingdom	100 %	Holding Company
Delcam Partmaker Limited	United Kingdom	100 %	IT Services

# Notes to the Financial Statements

For the period ended 31 January 2017

## 15. Investments in subsidiaries and associates (continued)

Delcam Trustees Limited	United Kingdom	100 %	Holding Company
Delcam Holdings LLC	United States	100 %	Holding Company

### Participating interests

The company holds ordinary shares in the following associated undertakings as at 31 January 2017.

### Associates

Name	Country of incorporation	Holding	Principal activity
Hankook Delcam Limited	South Korea	30%	Supply of CAD/CAM systems
Delcam Taiwan Co. Limited	Taiwan	24.45%	Supply of CAD/CAM systems
Norcam EEDI Lda	Portugal	49%	Supply of CAD/CAM systems
Delcam Thailand Co Limited	Thailand	49%	Supply of CAD/CAM systems
Delcam Spain Limited	Spain	25%	Supply of CAD/CAM systems
Fabbify Software GmbH	Germany	24.8%	Supply of CAD/CAM systems
Delcam URAL Limited	Russia	51%	Supply of CAD/CAM systems
Delcam Danmark ApS	Denmark	50%	Supply of CAD/CAM systems
Delcam RO S.R.L	Romania	20%	Supply of CAD/CAM systems
Delcam Samara	Russia	34.5%	Supply of CAD/CAM systems

## 16. Stocks

	31 January 2017 £000	31 December 2015 £000
Finished goods and goods for resale	-	32
	-	32

Stock recognised in cost of sales during the period as an expense was £32,000 (Year ended 31 December 2015: £644,793).

No impairment loss (Year ended 31 December 2015 - £Nil) was recognised in cost of sales against stock during the period.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 17. Debtors

	31 January 2017 £000	31 December 2015 £000
<b>Due after more than one year</b>		
Non-current tax receivables	-	484
Deferred tax asset	-	989
	<u>-</u>	<u>1,473</u>
<b>Due within one year</b>		
Trade debtors	-	3,032
Amounts owed by group undertakings	14,951	11,027
Amounts owed by associated undertakings	-	1,372
Other debtors	47	248
Prepayments	48	478
Tax receivables	1,391	1,317
	<u>16,437</u>	<u>18,947</u>

Impairment losses were recognised as follows:

- £1,001,396 (31 December 2015 -£851,552) against trade debtors;
- £402,556 (31 December 2015 -£3,858,418) against amounts owed by subsidiary undertakings; and
- £Nil (31 December 2015 -£696,378) against amounts owed by associated undertakings.

## 18. Cash at bank and in hand

	31 January 2017 £000	31 December 2015 £000
Cash at bank and in hand	31,033	21,098
	<u>31,033</u>	<u>21,098</u>

# Notes to the Financial Statements

For the period ended 31 January 2017

## 19. Creditors: Amounts falling due within one year

	31 January 2017 £000	31 December 2015 £000
Trade creditors	1	528
Amounts owed to group undertakings	7,791	1,363
Amounts owed to associated undertakings	-	20
Corporation tax	4,256	834
Taxation and social security	-	1,117
Other creditors	-	436
Accruals and deferred income	1,820	7,172
	<u>13,868</u>	<u>11,470</u>

## 20. Creditors: Amounts falling due after more than one year

	31 January 2017 £000	31 December 2015 £000
Accruals and deferred income	-	474
	<u>-</u>	<u>474</u>

# Notes to the Financial Statements

For the period ended 31 January 2017

## 21. Financial instruments

	31 January 2017 £000	31 December 2015 £000
<b>Financial assets</b>		
Cash and cash equivalents	31,033	21,098
Financial assets measured at amortised cost	14,998	15,680
	<u>46,031</u>	<u>36,778</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(9,612)	(10,473)
	<u>(9,612)</u>	<u>(10,473)</u>

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

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

## 22. Deferred taxation

	31 January 2017 £000	31 December 2015 £000
At beginning of year	989	1,630
Charged to profit or loss	(989)	(641)
	<u>-</u>	<u>989</u>

The deferred tax asset is made up as follows:

	31 January 2017 £000	31 December 2015 £000
Accelerated capital allowances	-	(165)
Pension surplus	-	1,154
	<u>-</u>	<u>989</u>

# Notes to the Financial Statements

For the period ended 31 January 2017

## 23. Provisions

	Grants provision £000	Overseas commit- ments £000	Dilapida- tions £000	Total £000
At 1 January 2016	50	325	105	480
Credited to profit and loss account in the period	(50)	(325)	(105)	(480)
<b>At 31 January 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Provisions above include provisions relating to claims, refundable grant monies, dilapidations and overseas obligations.

No costs were incurred against these provisions and all balances have been credited to profit and loss in full during the period. Following the transfer of trade and certain net assets to Autodesk Limited, no further exposure exists in these areas.

## 24. Called up share capital

	31 January 2017 £000	31 December 2015 £000
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
8,491,404 Ordinary Shares of £0.10 each	849	849

## 25. Reserves

### Share premium account

The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

### Capital redemption reserve

The capital redemption reserve contains amounts from retained profits used to repurchase own shares.

### Profit and loss account

This includes all current and prior period retained profits and losses, net of dividends paid.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 26. Share based payments

### Restricted Stock Units (RSU's)

As at 31 December 2015, the company maintained a restricted stock unit plan ('RSU') for the purpose of granting awards to employees. The exercise price of all RSU's granted under the RSU plan was equal to the fair market value of the stock on the grant date.

The RSU program is broad-based and designed to promote long-term retention. Restricted stock that was granted under the plan vest over 3 years from the date of grant. The exercise price of RSU's granted was equal to the closing price of Autodesk Inc.'s common stock on the NASDAQ Global Select Market on the grant date.

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in RSU's for the period ended 31 Jan 2017. On 1 August, 2016, all employees were transferred to Autodesk Limited. As such, all RSU's transferred out of the Company on that date. This company has no further liability in respect of RSU's as at 31 January 2017.

	Weighted average exercise price (pence) 2017 period*	Number 2017 period	Weighted average exercise price (pence) 2015 year*	Number 2015 year
Outstanding at the beginning of the year	51.65	50,045	52.14	73,250
Granted during the year	56.61	10,100	49.82	20,450
Forfeited during the year	-	-	52.01	(23,680)
Exercised during the year	50.02	(7,270)	51.01	(19,975)
Transferred to Autodesk Limited	52.82	(52,875)	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>51.65</b>	<b>50,045</b>

\* Weighted average exercise price are denominated in US Dollar.

The total charge in operating costs in the statement of comprehensive income for share based payments relating to Restricted Stock Units is £613,226 (Year ended 31 December 2015: £941,288). The weighted average remaining contractual life at the end of the 2015 year was 1.43 years.

### Employee Share Purchase Plan

In addition to the RSU plan, employees of the Company are also eligible to participate in Autodesk's 1998 Employee Qualified Stock Purchase Plans ("Employee Stock Purchase plan, or ESPP"). Eligible employees may purchase shares of Autodesk common stock at their discretion using up to 15% of their compensation subject to certain limits, at not less than 85% of fair market value as defined in the plan agreement.

The total charge in operating costs in the statement of comprehensive income for the share based payments relating to the Employee Share Purchase Plan is £205,834 (Year ended 31 December 2015: £354,064).

This scheme was also transferred to Autodesk Limited and all incentives under ESPP's were also transferred out at that date. This company has no further liability in respect of ESPP's as at 31 January 2017.



# Notes to the Financial Statements

For the period ended 31 January 2017

## 27. Pension commitments

The Company operates a defined benefit scheme called the Delcam Retirement Benefits Scheme which entitles a retired employee to receive an annual pension payment based on a proportion of their final salary at the date of retirement, the proportion based on the number of years of service that the employee provided. The scheme was closed to future accrual from 31 December 2010. The current administration expense charged to the Profit and Loss Account for the pension scheme amounted to £65,789 (Year ended 31 December 2015: £4,000). Actual contributions paid in the year was £8,821,000 (Year ended 31 December 2015: £46,000).

The Company operates a defined contribution scheme. Contributions of £1,094,390 (Year ended 31 December 2015: £719,601) were paid during the period. There were Nil (Year ended 31 December 2015: Nil) contributions outstanding at the end of the period for all schemes.

On 1 August 2016, Autodesk, Inc. underwent a corporate reorganization which involved the transfer of Delcam employees, transfer of shares of various subsidiaries of Delcam to one or more local Autodesk entities for fair market value, and the transfer of tangible net assets.

On 4 January 2017, Delcam transferred the defined benefit pension plan to Autodesk Limited, paying consideration equal to the net liabilities of the plan at that date totalling £7,051,792.

A qualified independent actuary performed an actuarial valuation of the defined benefit scheme for the years ended 31 January 2017 (used to determine the transfer value) and 31 December 2015, which form the basis of the disclosures below. The Projected Unit credit valuation method has been used.

The Trustees of the scheme is required by law to act in the best interest of the scheme participants and is responsible for setting certain policies (e.g. investment) of the scheme. The pension scheme exposes the Company to actuarial risks including longevity risk, market (investment) risk and interest rate risk. The key risk is market (investment) risk, due to the concentration of the scheme's assets in equities.

Reconciliation of present value of plan liabilities:

	31 January 2017 £000	31 December 2015 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	44,559	43,206
Administration expenses	-	4
Interest cost	1,862	1,609
Actuarial gains/losses	11,831	313
Benefits paid	(1,247)	(573)
Transfer to Autodesk Limited	(57,005)	-
<b>At the end of the year</b>	<b>-</b>	<b>44,559</b>

# Notes to the Financial Statements

For the period ended 31 January 2017

## 27. Pension commitments (continued)

	31 January 2017 £000	31 December 2015 £000
At the beginning of the year	38,486	38,453
Interest income	1,790	1,432
Actuarial gains (losses)	2,103	(872)
Contributions	8,821	46
Benefits paid	(1,247)	(573)
Transfer to Autodesk Limited	(49,953)	-
<b>At the end of the year</b>	<b>-</b>	<b>38,486</b>
	31 January 2017 £000	31 December 2015 £000
Fair value of plan assets	-	38,486
Present value of plan liabilities	-	(44,559)
<b>Net pension scheme liability</b>	<b>-</b>	<b>(6,073)</b>

The amounts recognised in profit or loss are as follows:

	31 January 2017 £000	31 December 2015 £000
Interest on pension scheme liabilities	1,862	1,609
Expected return on pension scheme assets	(1,790)	1,432
Losses on curtailments and settlements	-	4
<b>Total</b>	<b>72</b>	<b>3,045</b>

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £9,734,000 (Year ended 31 December 2015 - £NIL).

# Notes to the Financial Statements

For the period ended 31 January 2017

## 27. Pension commitments (continued)

The Company contributed £8.6 million in July 2016 to its defined benefit scheme as a one-off payment.

	Period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Actual return less interest income included in net interest income	-	(872)
Changes in assumptions underlying the present value of the scheme liabilities	(9,734)	313
	<u>(9,734)</u>	<u>(559)</u>

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	Period ended 31 January 2017 %	Year ended 31 December 2015 %
Discount rate	3.0	3.90%
Future pension increases	3.2	3.00%
Inflation assumption	3.3	3.10%
Mortality rates		
- for a male aged 65 now	21.4	21.5
- at 65 for a male aged 45 now	24.3	24.4
- for a female aged 65 now	24.9	23.0
- at 65 for a female member aged 45 now	25.9	23.8

## Notes to the Financial Statements

For the period ended 31 January 2017

**27. Pension commitments (continued)**

Amounts for the previous four periods are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Defined benefit obligation	(44,559)	(43,206)	(38,311)	(33,741)
Scheme assets	38,486	38,453	38,690	35,654
<b>(Deficit)/surplus</b>	<b>(6,073)</b>	<b>(4,753)</b>	<b>379</b>	<b>1,913</b>
Experience adjustments on scheme liabilities	-	-	-	(525)
Experience adjustments on scheme assets	-	44	1,609	1,728
	<b>-</b>	<b>44</b>	<b>1,609</b>	<b>1,203</b>

Balances noted reflect the position at 31 December for each year. No balances existed at 31 January 2017 due to the transfer of the Scheme to Autodesk Limited.

**28. Commitments under operating leases**

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

	31 January 2017 £'000	31 December 2015 £'000
<b>Land and buildings</b>		
Not later than 1 year	-	107
Later than 1 year and not later than 5 years	-	306
Later than 5 years	-	5,218
<b>Total</b>	<b>-</b>	<b>5,631</b>
	31 January 2017 £'000	31 December 2015 £'000
<b>Other assets</b>		
Not later than 1 year	-	174
Later than 1 year and not later than 5 years	-	231
<b>Total</b>	<b>-</b>	<b>405</b>

All operating leases were transferred to Autodesk Limited on 1 August 2016.

# Notes to the Financial Statements

For the period ended 31 January 2017

## 29. Related party transactions

During the year, the Company undertook transactions during the course of normal trading with the following related parties:

	13 month period ended 31 January 2017 £000	Year ended 31 December 2015 £000
Sales to associated undertakings	3,816	5,124
Purchases from associated undertakings	-	69

The company has taken the exemption under FRS 102 from disclosing transactions with 100% subsidiaries within the group.

On 1 August 2016 the company transferred its trade and certain net assets to Autodesk Limited, a fellow subsidiary undertaking, as detailed in note 32.

## 30. Post balance sheet events

There were no significant events affecting the Company after 31 January 2017.

## 31. Controlling party

Delcam Limited is a wholly owned subsidiary of Autodesk Development B.V a company incorporated in the Netherlands. Autodesk Development B.V is a wholly owned subsidiary of Autodesk Inc. a company incorporated in the U.S.A. Autodesk Inc. is the ultimate controlling party of Delcam Limited.

## 32. Transfer of trade and assets

On 1 August 2016, as part of a group reorganisation, the trade and certain net assets of the company were transferred to Autodesk Limited. The consideration payable was the underlying net asset value of £4.3m.

The analysis of the net assets sold was as follows:

	£000
Tangible fixed assets	2,072
Current assets	8,042
Current liabilities	(2,130)
Non-current liabilities	(3,704)
	<hr/> 4,280 <hr/>