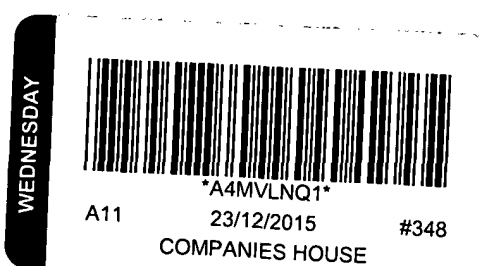


Delcam Ltd

Annual Report

Year ended 31 December 2014



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Company Information

Directors	P. J Baxter (Vice President) R. A Keene (Director) P D Underwood (Director)
Registered office	Talbot Way Small Heath Business Park Birmingham B10 0HJ
Registered number	2311487
Bankers	Lloyds 125 Colmore Row Birmingham B3 3SF
Solicitors	Lawrence Graham & Co Two Snowhill B4 6WR Shakespeares Legal LLP Somerset House Temple Street Birmingham B2 5DJ
Auditor	Grant Thornton UK LLP Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

Strategic Report

PRINCIPAL ACTIVITIES

The principal activities of the Group are the supply of CAD/CAM systems and services for the design of products with complex shapes and their manufacture with tooling.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results are set out on page 10. The Group revenue and profit after tax for the year ended 31 December 2014 was £54.8m (2013: £51.5m) and £5.2m (2013: £4.1m) respectively. The retained profit for the year will be transferred to reserves.

Delcam's continuing success and strong market position and reputation in the global CAM market have made it attractive to larger companies with ambitions to strengthen their position in this market. After receiving an initial approach from Autodesk regarding a potential acquisition, subsequent discussions with Autodesk culminated in a proposal of sufficient value to be formally considered by the Delcam Board.

On 6 February 2014 the entire share capital of Delcam Ltd was acquired by Autodesk Development B.V., a company incorporated in the Netherlands. On 10 February 2014 Delcam de-listed from the Alternative Investment Market (AIM) of the London Stock Exchange.

The Delcam Directors 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.

The Group continues to undertake significant research and development expenditure, which amounted to £12.7m expensed during the year (2013: £11.7m) and the Group will benefit from research and development tax allowances in the United Kingdom.

KEY PERFORMANCE INDICATORS

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

The Group's primary internal measurement is performance against annual budgets. In the table below "Target" represents the Group's consolidated budget for 2014. Source data is taken from the audited financial statements and the Group's budget.

Key performance indicator	2014 Target	2014 Achieved	2013 Achieved
Return on capital employed (ROCE) ¹	27.1%	28.3%	28.4%
Sales per employee ²	£72,000	£75,027	£77,393
Gross margin ³	95.1%	95.2%	94.0%
Operating cashflow to operating profit ⁴	0.8 times	1.0 times	1.1 times

Notes to KPIs

¹ Return on capital employed = Operating profit before exceptional items as a percentage of closing equity shareholder funds.

The Group aims to optimise shareholder value by delivering a high return on its shareholders' funds.

Strategic Report (continued)

KEY PERFORMANCE INDICATORS (continued)

² Sales per employee = Revenue divided by average number of employees.

The Group aims to optimise its ratio of sales per employee.

³ Gross margin = gross profit as a percentage of turnover.

The Group aims to deliver margins in the range of 90% - 95%.

⁴ Operating cashflow to operating profit = operating cashflows divided by operating profit before exceptional items.

The Group aims to convert its operating profit into operating cashflows by careful management of its working capital.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The principal risks and uncertainties facing the business are as follows:

- commercial failure of one or more of its products. The Group 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 Group 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 Group operates in certain niche markets in which it is the most significant operator, other areas are highly competitive and the Group faces constant downwards pricing pressures;
- delays or additional costs in product design and launch programmes – as the Group's products are technologically advanced, the timescale of developing new products or upgrades is uncertain, albeit the Group has sufficient working capital to support this investment;
- management of, and its controls around cash of, its foreign businesses. To mitigate these risks the Group'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 Group 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 world is recovering from recession and this will affect us all to a varying degree. Sensible financial governance and management of the business will help to keep the Group in good stead during these turbulent times.

Strategic Report (continued)

GOING CONCERN

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Group has no significant borrowings and holds net cash of £21.4m at 31 December 2014. The Group's trading and forecasts take into account a range of possible changes in trading performance and show that the Group should be able to operate within its existing cash resources. For this reason, the Directors continue to prepare the financial statements on a going concern basis.

On behalf of the Board



P Underwood

Date: December 22 . 2015

Report of the Directors

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

DIVIDENDS

There was no 2013 final dividend or 2014 interim or final dividend. (The 2012 final dividend of £545,000 and the 2013 interim dividend of £254,000 were paid in 2013).

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and subsequently were:

P T Miles – resigned 7 February 2014
G McFarland – resigned 7 February 2014
H R O Humphreys – resigned 18 June 2014
C P Martell – resigned 17 February 2015
S M Hobbs – resigned 18 June 2014
E B Lambourne – resigned 17 June 2014
B J Simpson – resigned 18 June 2014
K Singh – resigned 17 June 2014
P J Baxter – appointed 25 February 2015
R A Keene – appointed 18 April 2014
R Kross – appointed 18 April 2014 – resigned 19 October 2015
S K A Redman – appointed 18 April 2014 – resigned 19 October 2015
P D Underwood – appointed 18 April 2014

SHARE OPTION SCHEMES

The Group operated an Approved and Unapproved Share Option Scheme and an Employee Benefit Trust. Further information is set out in notes 25 and 26 of these financial statements.

The closing mid-price of the shares on 10 February 2014 (the date Delcam delisted from AIM) was 2069.0p (2013: 2065.5p). The high and low for the year to 31 December 2014 was 2105.0p and 2058.0p respectively.

Following the acquisition by Autodesk, the above schemes ceased to operate. The group now participates in the Autodesk share schemes, a restricted stock unit plan and an employee share purchase plan.

EMPLOYEES

It is Group policy to provide employment opportunities and retraining where possible for disabled people and to care for people who become disabled whilst in the Group's employment. The Group operates an equal opportunities employment policy.

The Group has well established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

Report of the Directors (continued)

FINANCIAL INSTRUMENTS

The Group's principal financial instruments are amounts receivable from customers, cash and cash equivalents, short term investments, forward foreign currency contracts, amounts payable to suppliers and finance leases.

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

Credit risk

The Group 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.

Interest rate risk

At the present time, the Directors do not consider it necessary to use specific measures to control this risk. The Group 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 Group's cash balances. Finance leases are used to finance assets where it is deemed in the Group's best interest to do so.

Foreign currency risk

The Group has overseas subsidiaries as detailed in note 14. Their revenues and expenses are denominated substantially in their local currencies. During the year, the Group used derivative financial instruments, including forward foreign currency contracts, to reduce exposure to foreign exchange risk.

The forward foreign currency contracts in place at 31 December 2014 are detailed in note 31 of the financial statements.

Environmental risk

The Group's policy is to ensure that it fully understands and manages the actual and potential environmental impact of its activities. The Group's operations are conducted in such a way that it complies with the legal requirements relating to the environment in all areas of its business.

Payment of creditors

The Group 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 Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 period. 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 applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and 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 Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

DISCLOSURE OF INFORMATION TO AUDITOR

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 the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to reappoint Grant Thornton UK LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:



P Underwood

Date: DECEMBER 22, 2015

Company Number: 2311487

Report of the Independent Auditor to the Members of Delcam Ltd

We have audited the financial statements of Delcam Ltd for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 page 7, 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 (APB'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 2014 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Report of the Independent Auditor to the Members of Delcam Ltd

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.

Grant Thornton UK LLP

David Munton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 23 December 2015

Consolidated Income Statement

Year ended 31 December 2014

		2014			2013
	Note	Trading £'000	Exceptional Items (note 4) £'000	Total £'000	Total £'000
Continuing operations					
Revenue	3	54,845	-	54,845	51,544
Cost of sales		(2,630)	-	(2,630)	(3,067)
Gross profit		52,215	-	52,215	48,477
Research and development costs		(12,669)	-	(12,669)	(11,678)
Administrative expenses		(19,809)	(1,133)	(20,942)	(18,622)
Distribution costs		(14,063)	-	(14,063)	(13,532)
Other operating income		1,352	-	1,352	25
Fair value through profit or loss	31	-	-	-	12
Operating profit		7,026	(1,133)	5,893	4,682
Share of results of associates	15	286	-	286	107
Finance income	5	118	-	118	116
Finance costs	6	(1)	-	(1)	(5)
Profit before taxation		7,429	(1,133)	6,296	4,900
Taxation	9	(1,268)	193	(1,075)	(831)
Profit for the year	4	6,161	(940)	5,221	4,069
Attributable to:					
Equity holders of the parent company		6,120	(940)	5,180	4,060
Non controlling interest		41	-	41	9
		6,161	(940)	5,221	4,069

Statements of Comprehensive Income

Year ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Profit of the period	5,221	4,069	4,517	4,337
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(254)	(190)	-	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of net defined benefit pension asset	(4,852)	-	(4,852)	-
Revaluation of land and buildings	(1,330)	-	(1,330)	-
Income tax relating to components of other comprehensive income	951	5	951	5
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive (expense) / income for year:	(264)	3,884	(714)	4,342
	<hr/>	<hr/>	<hr/>	<hr/>
Attributable to:				
Owners of the parent	(305)	3,875	(714)	4,342
Non-controlling interest	41	9	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(264)	3,884	(714)	4,342
	<hr/>	<hr/>	<hr/>	<hr/>

Balance Sheets

As at 31 December 2014

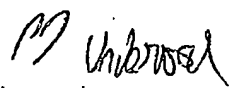
	Notes	Group		Company	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Non-current assets					
Goodwill	11	2,306	2,170	521	521
Other intangible assets	12	1,663	1,745	1,524	1,721
Property, plant and equipment	13	3,986	6,640	1,571	4,013
Interests in subsidiary undertakings	14	-	-	2,268	2,268
Interests in associates	15	1,510	1,334	306	306
Other investments	16	117	117	-	-
Deferred tax assets	23	1,695	960	1,630	922
Non-current tax receivables		297	-	297	-
		<u>11,574</u>	<u>12,966</u>	<u>8,117</u>	<u>9,751</u>
Current assets					
Inventories	17	1,630	815	147	348
Trade and other receivables	18	12,342	10,917	14,742	13,678
Short term investments	19	-	-	-	-
Cash and cash equivalents	19	21,395	13,931	13,949	8,430
Current tax receivables		1,041	-	1,041	-
		<u>36,408</u>	<u>25,663</u>	<u>29,879</u>	<u>22,456</u>
Total assets		<u>47,982</u>	<u>38,629</u>	<u>37,996</u>	<u>32,207</u>
Current liabilities					
Trade and other payables	20	(7,651)	(8,488)	(4,788)	(6,085)
Provisions	20	(564)	(740)	(464)	(640)
Borrowings	21	-	-	-	-
Deferred income	22	(9,038)	(7,122)	(4,788)	(4,045)
Current tax liabilities		(594)	(470)	(101)	(128)
		<u>(17,847)</u>	<u>(16,820)</u>	<u>(10,141)</u>	<u>(10,898)</u>
Non-current liabilities					
Retirement benefit obligation	30	(4,753)	-	(4,753)	-
Deferred income	22	(592)	(439)	(362)	(370)
		<u>(5,345)</u>	<u>(439)</u>	<u>(5,115)</u>	<u>(370)</u>
Total liabilities		<u>(23,192)</u>	<u>(17,259)</u>	<u>(15,256)</u>	<u>(11,268)</u>
Net assets		<u>24,790</u>	<u>21,370</u>	<u>22,740</u>	<u>20,939</u>

Balance Sheets (continued)

As at 31 December 2014

	Notes	Group		Company	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Equity					
Share capital	24	849	801	849	801
Share premium		8,918	8,918	8,918	8,918
Investment in own shares	26	-	(867)	-	-
Revaluation reserve		-	1,330	-	1,330
Capital reserves		9	9	9	9
Translation reserve		(776)	(526)	-	-
Capital contribution		1,090	-	840	-
Retained earnings		14,642	11,684	12,124	9,881
Equity attributed to equity holders of the parent		24,732	21,349	22,740	20,939
Non-controlling interest		58	21	-	-
Total equity		24,790	21,370	22,740	20,939

These financial statements were approved and issued by the Board of Directors and signed on its behalf by:


P Underwood

Date: DECEMBER 22, 2015

Company Number: 2311487

Statements of Changes in Equity

Group	Share Capital Account £'000	Share Premium account £'000	Invest- ment In own shares £'000	Capital Reserves £'000	Revalu- ation Reserve £'000	Trans- lation Reserve £'000	Capital Contrib- ution £'000	Retained Earnings £000's	Non- Cont- rolling Interest £'000	Total £'000
At 1 January 2013	801	8,918	(398)	9	1,357	(336)	-	8,703	-	19,054
Dividends paid	-	-	-	-	-	-	-	(799)	-	(799)
Share based payments	-	-	-	-	-	-	-	316	-	316
Exercise of share options	-	-	-	-	-	-	-	(628)	-	(628)
Net movement in investment in own shares	-	-	(469)	-	-	-	-	-	-	(469)
New share capital issued to non-controlling interest	-	-	-	-	-	-	-	-	12	12
Transactions with owners	-	-	(469)	-	-	-	-	(1,111)	12	(1,568)
Profit for the year	-	-	-	-	-	-	-	4,060	9	4,069
Other comprehensive income:										
Exchange rate difference	-	-	-	-	-	(190)	-	-	-	(190)
Actuarial gains & losses	-	-	-	-	5	-	-	-	-	5
Deferred tax transfers	-	-	-	-	(32)	-	-	32	-	-
Total comprehensive income	-	-	-	-	(27)	(190)	-	4,092	9	3,884
At 1 January 2014	801	8,918	(867)	9	1,330	(526)	-	11,684	21	21,370
Dividends paid	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	1,090	460	-	1,550
Exercise of share options	-	-	-	-	-	-	-	1,219	-	1,219
Net movement in investment in own shares	-	-	867	-	-	-	-	-	-	867
New share capital issued	48	-	-	-	-	-	-	-	-	48
Transactions with owners	48	-	867	-	-	-	1,090	1,679	-	3,684

Statements of Changes in Equity (continued)

Group

	Share capital account £'000	Share premium account £'000	Invest- ment in own shares £'000	Capital reserves £'000	Revalu- ation reserve £'000	Trans- lation reserve £'000	Capital Contribut- ion £'000	Retained earnings £'000	Non cont- rolling Interest £'000	Total equity £'000
Profit for the year	-	-	-	-	-	-	-	5,180	41	5,221
Other comprehensive income:										
Actuarial gains and (losses)	-	-	-	-	-	-	-	(4,852)	-	(4,852)
Revaluation of land and buildings	-	-	-	-	(1,330)	-	-	-	-	(1,330)
Exchange rate difference	-	-	-	-	-	(250)	-	-	(4)	(254)
Deferred tax	-	-	-	-	-	-	-	951	-	951
Total comprehensive income	-	-	-	-	(1,330)	(250)	-	1,279	37	(264)
At 31 December 2014	849	8,918	-	9	-	(776)	1,090	14,642	58	24,790

Statements of Changes in Equity (continued)

Company

	Share capital account £'000	Share premium account £'000	Capital reserves £'000	Revalu- ation reserve £'000	Capital Contributi on £'000	Retained earnings £'000	Total equity £'000
At 1 January 2013	801	8,918	9	1,357	-	6,653	17,738
Dividends paid	-	-	-	-	-	(816)	(816)
Share based payments	-	-	-	-	-	316	316
Exercise of share options	-	-	-	-	-	(641)	(641)
Transactions with owners	-	-	-	-	-	(1,141)	(1,141)
Profit for the year	-	-	-	-	-	4,337	4,337
Other comprehensive income:							
Actuarial gains and losses	-	-	-	-	-	-	-
Deferred tax	-	-	-	5	-	-	5
Transfers	-	-	-	(32)	-	32	-
Total comprehensive income	-	-	-	(27)	-	4,369	4,342
At 1 January 2014	801	8,918	9	1,330	-	9,881	20,939
Dividends paid	-	-	-	-	-	-	-
Share based payments	-	-	-	-	840	460	1,300
Exercise of share options	-	-	-	-	-	1,167	1,167
New share capital issued	48	-	-	-	-	-	48
Transactions with owners	48	-	-	-	840	1,627	2,515
Profit for the year	-	-	-	-	-	4,517	4,517
Other comprehensive income:							
Revaluation of land and buildings	-	-	-	(1,330)	-	-	(1,330)
Actuarial gains and (losses)	-	-	-	-	-	(4,852)	(4,852)
Deferred tax	-	-	-	-	-	951	951
Transfers	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(1,330)	-	616	(714)
At 31 December 2014	849	8,918	9	-	840	12,124	22,740

Cash Flow Statements

For the year ended 31 December 2014

		Group		Company	
	Note	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Operating activities					
Cash flows from operating activities	29a	7,496	7,588	4,092	4,363
Finance income received	29b	98	116	77	97
Finance costs paid	29c	(1)	(5)	(1)	(3)
Income taxes paid		(735)	(818)	(179)	(182)
NET CASH INFLOWS FROM OPERATING ACTIVITIES		6,858	6,881	3,989	4,275
Investing activities					
Development costs and acquisition of intangibles	12	(332)	(1,044)	(193)	(1,044)
Purchase of property, plant and equipment	13	(460)	(643)	(190)	(165)
Realisation of short term investments		-	4,500	-	4,500
Acquisition of other long term investments		(9)	(10)	-	-
Acquisition of investment in subsidiaries		-	-	-	(451)
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		(801)	2,803	(383)	2,840
FINANCING ACTIVITIES					
Dividends paid	10	-	(799)	-	(816)
Dividends received		101	107	556	375
Proceeds from issue of share capital	24	48	-	48	-
Decrease in restricted cash	19	(710)	(103)	(710)	(103)
Exercise of share options	25	2,019	199	2,019	-
Net investment in own shares	26	-	(1,244)	-	-
Capital element of finance leases		-	(51)	-	-
NET CASH GENERATED BY / (USED IN) FINANCING ACTIVITIES		1,458	(1,891)	1,913	(544)
Increase in cash and cash equivalents		7,515	7,793	5,519	6,571
Cash and cash equivalents at 1 January		13,931	6,626	8,430	1,859
Effect of foreign exchange rate changes		(51)	(488)	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		21,395	13,931	13,949	8,430

Included in cash and cash equivalents is restricted cash of £nil (2013: £0.7m) which is detailed in note 19 of these financial statements.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Group and parent Company have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently during the current and prior year except for the changes in accounting policies noted below.

The Group has adopted the new provisions of the following amended standards but there is no material impact on the amounts reported or the disclosures in the financial statements:

- IFRS 11 'Joint Arrangements'
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Group has also adopted the following standards:

- IFRS 10 Consolidated Financial Statements ('IFRS 10')
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- IAS 20 Accounting for Government Grants and Disclosures as Government Assistance.

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. Notes 6 and 7 illustrate the application of IFRS 12 in the current year.

b) Standards in issue not yet effective

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective:

- IFRS 9 Financial Instruments (effective date to be confirmed)
- IFRS 15 Revenue from Contracts with Customers (effective date to be confirmed)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective date 1 February 2015)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date to be confirmed)
- Annual Improvements to IFRSs 2010-2012 Cycle (effective date 1 February 2015)
- Annual Improvements to IFRSs 2011-2013 Cycle (effective date 1 January 2015)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective date to be confirmed)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective date to be confirmed)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date to be confirmed)

Notes to the Financial Statements

31 December 2014

The Group has commenced assessment of the impact of the above standards on presentation and disclosure and does not currently believe any of these standards will have a material impact on its results of operations and financial position.

1. ACCOUNTING POLICIES (CONTINUED)

c) Basis of consolidation

The financial statements of the Group consolidate the financial statements of Delcam Ltd and its subsidiaries and equity account for its associates. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until that control ceases. Employee Benefit Trusts ("EBT") are accounted for under SIC 12 and are consolidated on the basis that the parent has control thus the assets and liabilities of the EBT are included on the Group balance sheet and shares held by the EBT in the Company are presented as a deduction from equity.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the Group financial statements using the equity method of accounting. Losses of the associates in excess of the Group's interest in those associates are not recognised as the Group has no legal or constructive obligation to make good the losses.

d) Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and the equity instruments issued by the Group in exchange for control of the business acquired. The assets, liabilities and contingent liabilities of the acquired entity that meet the conditions under IFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset, being the excess of the cost of the business combination over the fair value of the net identifiable assets being acquired.

e) Investments

Investments in subsidiaries and associates held in the parent Company are shown at cost, less a provision for impairment.

f) Intangible assets

i) Goodwill

In respect of acquisitions since 1 January 2006, goodwill arising on consolidation represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired entity at the date of acquisition. For acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous UK GAAP. Goodwill is recognised as an asset and assessed for impairment at least annually.

Impairment is assessed by comparing the carrying value of goodwill and other assets with the discounted cashflows projected for each acquired cash generating unit ("CGU"), using a discount rate that management estimate to be the CGU specific risk adjusted weighted average cost of capital. Impairment losses are charged to profit or loss and are not subsequently reversed.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

ii) *Research and development*

Research expenditure is written off as incurred. 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; and
- 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.

iii) *Acquired intangible assets*

Intangible assets that are acquired as a result of a business combination are recorded at fair value at the acquisition date, provided they are identifiable. The assets are amortised on a straight-line basis over their expected useful lives.

g) **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 hardware and software are recognised when the goods are delivered and title has passed.

The sale 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.

Training income is recognised on completion of the training.

Interest income is accrued on a time 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 contracts balance within receivables, unless it is in excess of the costs incurred on those projects and then it is included within payables.

h) **Property, plant and equipment**

Property, plant and equipment is shown at historical cost, less any accumulated depreciation and provision for impairment in value.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset, which is assessed on an annual basis, on a straight-line basis over its expected useful life. The rates used are as follows:

Long leasehold buildings	2%
Plant and machinery	10% to 15%
Office equipment	20% to 33%
Motor vehicles	25%

Property, plant and equipment and intangible assets (other than goodwill) are assessed at each balance sheet date to determine whether there is any indication of impairment. Where there is an indication of impairment, the recoverable amount of the asset is estimated and any impairment loss is charged to the Income Statement.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

i) **Impairment of property, plant and equipment and intangible assets**

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

If the impairment is subsequently reversed, the carrying amount is increased to the revised estimate of its recoverable amount, but limited to the carrying value that would have been determined had no impairment been recognised in prior years.

j) **Inventories**

Inventories are valued on a first in first out basis at the lower of cost and net realisable value. Cost includes the relevant proportion of production overhead assuming normal levels of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred on completion and disposal.

k) **Bank deposits**

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Short term investments

Short term investments are non-derivative financial assets with fixed payments and fixed maturity. Short term investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

l) **Taxation**

The tax charge for the year includes the charge for tax currently payable and deferred taxation. The current tax charge represents the estimated amount due that arises from the operations of the Group in the financial year and after making adjustments in respect of prior years.

Deferred tax is recognised in respect of all differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except where the temporary difference arises from the initial recognition, in a transaction that is not a business combination, of goodwill or from the initial recognition of assets or liabilities that affect neither accounting or taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. 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 this relates to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognised in the Income Statement, except when they relate to items recognised directly in Other Comprehensive Income when they are similarly taken as Other Comprehensive Income.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

m) Foreign currencies

The functional currency of the parent Company is sterling. Trading activities denominated in foreign currencies are translated into sterling at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the balance sheet date; exchange differences arising are taken to the Income Statement. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated).

Income statements of overseas subsidiaries are translated into sterling at average exchange rates, unless there are significant fluctuations from the actual rates, which are then used. The net assets of overseas subsidiaries are translated into sterling at the rate of exchange at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of overseas operations are taken directly to other comprehensive income.

n) Government grants

Grants are recognised in the Balance Sheet initially as other payables. Grants in respect of assets are transferred to the Income Statement as other operating income over the estimated useful life of the asset concerned. Grants to compensate for expenses are transferred to the Income Statement in the same periods as the expenses are incurred.

o) Employee benefits

i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

ii) Defined benefit plan

The Group'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 Income Statement. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the obligation to the liability. The net interest expense is recognised as a component of finance income or cost.

A pension scheme surplus is only recognised if the Group 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.

iii) Share-based payment transactions

The Groups employees now participate in the Employee Share Purchase Plan, where employees purchase Autodesk common stock at a minimum of 15% discount to the market value, the fair value of the common stock granted is charged to the profit and loss and is treated as capital contribution. Certain employees have been granted restricted stock units and the fair value of these are charged to the profit and loss and treated as a capital contribution.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

p) Leased assets

Leasing agreements that transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Assets financed by a finance lease are accounted for as if they had been purchased outright, with the corresponding liability to the leasing company included as an obligation. The rentals payable are apportioned between interest, which is charged to the Income Statement, and capital, which reduces the outstanding obligation. All other leases are classified as operating leases and lease rentals are charged to the Income Statement on a straight-line basis over the term of the lease.

q) Equity

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deducted from equity (attributable to the Company's equity holders until the shares are either cancelled or issued) as an investment in own shares reserve such that shares are held at cost. When sold, own shares are accounted for on a first in, first out basis and are issued at no gain no loss.

The share premium account represents premiums received on the initial issuing of the share capital.

The revaluation reserve represents the revaluation performed on long leasehold buildings in March 2000 by Lambert Smith Hampton.

Translation differences on the consolidation of the overseas Group undertakings are recognised directly in Other Comprehensive Income and are included in the translation reserve.

Retained earnings include all current and prior period results as disclosed in the Income Statement together with the cumulative amount of share based expenses.

r) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

s) Financial instruments

Financial assets

The Group's financial assets include cash and cash equivalents, short term investments and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument. All financial assets (other than assets held at fair value through profit or loss) are initially recognised at fair value, plus transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in value are recognised in the Income Statement. Interest and other cash flows resulting from holding financial assets are recognised in the Income Statement when receivable, regardless of how the related carrying amount of financial assets is measured.

Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. Also the Group and Company have the policy to provide 100% for receivables over 180 days and 50% for receivables over 120 days old. The amount of the write-down is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents comprise cash at bank and bank overdrafts.

Notes to the Financial Statements

31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Group's financial liabilities comprise trade and other payables and borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expired.

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

Other financial liabilities

Other financial liabilities include other payables and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance cost" in the Income Statement. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(t) Exceptional Costs

Exceptional costs are items which the Directors consider to be either outside of the normal trading transactions of the Group or of an individual value whereby the underlying trading performance of the Group may be difficult to ascertain. They are highlighted separately on the consolidated statement of comprehensive income, to enable the underlying trading results of the group to be identifiable.

Notes to the Financial Statements

31 December 2014

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group 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 scheme

Details of the Group's defined benefit scheme are set out in notes 1(o) and 30 of these financial statements. The main areas of estimation are the valuation of the 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 AON Hewitt.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an estimation of future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present values. The impairment review is detailed in note 11.

Recoverability of internally generated asset - research and development

During the year, management have considered the recoverability of the development expenditure of £0.5m on its balance sheet. The projects continue to progress satisfactorily and customer reaction has confirmed management's estimates of anticipated revenues from the projects. Management are confident that the carrying amount of the asset will be recoverable.

Provisions

The Group has made a number of provisions (disclosed in note 20) 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 Group's accounting policies

The Group'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 1 (f) (ii) above. The Directors have to apply their judgement in deciding whether any development costs meet these criteria.

Notes to the Financial Statements

31 December 2014

3. ANALYSIS OF REVENUES

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

	2014 Revenue £'000	2013 Revenue £'000
Sale of software	27,084	26,642
Sale of hardware	1,384	1,630
Sale of goods	<u>28,468</u>	<u>28,272</u>
Maintenance	18,580	16,540
Consulting	2,854	1,683
Training	3,583	3,721
Other	1,360	1,328
Rendering of services	<u>26,377</u>	<u>23,272</u>
Group revenue	<u><u>54,845</u></u>	<u><u>51,544</u></u>

Notes to the Financial Statements

31 December 2014

4. PROFIT FOR THE YEAR

Continuing operations

	2014 £'000	2013 £'000
Profit for the year is arrived at after charging/ (crediting):		
Cost of inventories recognised as an expense	(815)	(289)
Impairment loss recognised on trade receivables (note 18)	1,555	1,558
Foreign currency loss	113	165
Above the line research and development tax credit	1,338	-
Accelerated share based payment (note 25)	460	-
Share based payments (note 25)	1,090	316
Fair value loss arising on derivative financial instruments held at fair value through profit and loss (note 31)	-	(12)
Depreciation of property, plant and equipment (note 13)	772	861
Impairment of property, plant and equipment (note 13)	1,030	-
Amortisation of intangible assets (note 12)	414	375
Loss on disposal of property, plant and equipment	4	20
Rentals under operating leases		
- Hire of plant and machinery	592	512
- Other	767	620
Research and development costs	12,669	11,678
Rental income	(14)	(25)
Impairment of other investments	-	9
Exceptional items:		
- Legal and professional fees	1,377	420
- Employer's National Insurance on share options	(244)	963
	<u>1,133</u>	<u>1,383</u>

Development costs of £158,000 (2013: £363,000) have been capitalised in addition to the amounts charged to the Income Statement above. As permitted by section 408 of the Companies Act 2006, the Income Statement for the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial year amounted to £4,517,000 (2013: £4,337,000).

The exceptional items comprise legal and professional fees relating to the Rule 2.7 announcement regarding the acquisition of Delcam. The £244,000 National Insurance credit in 2014 relates to the release of an over provision in 2013. This National Insurance credit is not considered material and therefore has not been the subject of a prior year adjustment.

	2014 £'000	2013 £'000
Auditor's remuneration		
Fees payable for the statutory audit of the Company	59	60
Fees payable for the other Subsidiary company audits	45	20
Other services related to taxation	3	3
	<u>107</u>	<u>83</u>

Notes to the Financial Statements

31 December 2014

5. FINANCE INCOME

	2014 £'000	2013 £'000
Interest income on bank deposit	98	116
Defined Benefit pension interest income (note 30)	20	-
	<u>118</u>	<u>116</u>

6. FINANCE COST

	2014 £'000	2013 £'000
Interest expense for borrowings at amortised cost	1	4
Interest expense for finance lease arrangements	-	1
Defined benefit pension interest cost (note 30)	-	-
	<u>1</u>	<u>5</u>

7. STAFF COSTS

The average number of employees, including executive Directors:

	2014 No	2013 No
Development and production	253	221
Sales and distribution	398	360
Administration	80	85
	<u>731</u>	<u>666</u>

Staff costs, including executive Directors:

	2014 £'000	2013 £'000
Wages and salaries	27,695	26,251
Social security costs	3,167	3,063
Other pension costs (note 30)	1,193	924
Share based payments	1,550	316
	<u>33,605</u>	<u>30,554</u>

Notes to the Financial Statements

31 December 2014

8. DIRECTORS' REMUNERATION

	2014 £'000	2013 £'000
Fees	30	50
Directors' remuneration	680	912
Gain on exercise of share options	3,917	-
	<hr/>	<hr/>
Directors' emoluments (*)	4,627	962
Contributions to Company pension scheme	52	167
	<hr/>	<hr/>
	4,679	1,129
	<hr/>	<hr/>
Remuneration of highest paid Director (salary and taxable benefits)	252	211
Company contributions in respect of a defined pension scheme	18	35
Gain on exercise of share options	1,063	-
	<hr/>	<hr/>
	1,333	246
	<hr/>	<hr/>

(*) Directors' emoluments above include taxable benefits

There are no key management personnel other than the executive and non-executive Directors.

Number of Directors who are members of a defined benefit pension scheme (these Directors became deferred members on 31 December 2010 when the scheme was closed to future accrual)

5	5
<hr/>	<hr/>

The following amounts were paid to directors as dividends in their capacity as shareholders:

	2014 £'000	2013 £'000
P T Miles	-	10
H R O Humphreys	-	88
C P Martell	-	15
S M Hobbs	-	28
E B Lambourne	-	70
B J Simpson	-	6
K Singh	-	3
	<hr/>	<hr/>
	-	220
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2014

9. TAXATION

	2014 £'000	2013 £'000
Continuing operations		
Corporation tax		
United Kingdom Corporation tax at 21.49% (2013: 23.25%) based on the profit for the year	180	111
Prior year adjustment	(28)	-
Overseas taxation	707	562
Total current tax charge	859	673
Deferred taxation (note 23)		
Origination or reversal of temporary differences	(631)	172
Overseas deferred taxation	(27)	(14)
Prior year adjustment	874	-
	216	158
Total tax charge	1,075	831
	2014 £'000	2013 £'000
Reconciliation of current tax charge:		
Profit on ordinary activities before tax	6,296	4,900
Tax at 21.49% (2013: 23.25%) thereon	1,353	1,139
Explained by:		
Research and development tax credit	(123)	133
Share options exercised in year	(1,463)	-
Non qualifying land and buildings	(529)	(573)
Amounts charged/credited to equity	(174)	-
Permanent differences	901	(351)
Non taxable income	(119)	-
Prior year adjustments	846	-
Difference in overseas tax rates	383	483
Total tax charge	1,075	831

10. DIVIDENDS

	2014 £'000	2013 £'000
Interim paid		
2014 Interim of nil p per Ordinary share (2013: 3.25p per Ordinary share)	-	254
Final paid		
2013 Final of nil p per Ordinary share (2012: 7.00p per Ordinary share)	-	545
	-	799

Notes to the Financial Statements

31 December 2014

11. GOODWILL

Cost and net book value	Group £'000	Company £'000
At 31 December 2013	2,170	521
Additions	136	-
	<hr/>	<hr/>
At 31 December 2014	2,306	521
	<hr/>	<hr/>

Goodwill relates to the following cash generating units all of which are expected to benefit from synergies arising following the acquisition by Delcam Ltd in prior years:

Cash Generating Units ('CGUs')	Group £'000	Company £'000
Cost		
Partmaker Inc	236	-
Crispin Limited	521	521
Delcam Holdings (USA)	1,327	-
Delcam Japan	86	-
Les Technologies (Canada)	136	-
	<hr/>	<hr/>
Carrying value of goodwill	2,306	521
	<hr/>	<hr/>

Goodwill impairment

The Group and company test annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations.

Management's key assumptions are based on their past experience and future expectations of the market over the longer term.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the year.

Management have applied a discount rate of 9.3% derived from the Group's weighted average cost of capital, adjusted to reflect currency risk and price risk and the specific risks associated with the CGU's estimated cash flows, in accordance with IAS 36 'Impairment of Assets'. This rate is considered applicable to all CGUs. The growth rates have been based on cash flows taken from the CGUs approved business plan for the period 1 January 2015 to 31 December 2015 and extended thereafter at growth rates of 2.25% for 10 years. This rate does not exceed the average long term growth rate for the relevant markets. Expected changes in selling prices and direct costs are based on historic experience and management's expectations of trends in the market in which they operate.

After applying sensitivity analysis in respect of the results and future cash flows, in particular for presumed growth rates and discount rates, management believe that a reasonably possible change in key assumptions would not lead to an impairment. Management are not aware of any other changes that would necessitate changes to its key estimates.

Notes to the Financial Statements

31 December 2014

12. OTHER INTANGIBLE ASSETS

Group	Trade marks £'000	Develop- ment costs £'000	Intellectual property £'000	Brand value/ customer lists £'000	Total £'000
Cost					
At 1 January 2013	197	1,444	1,475	454	3,570
Additions	18	363	-	663	1,044
At 31 December 2013	215	1,807	1,475	1,117	4,614
Additions	35	158	-	139	332
At 31 December 2014	250	1,965	1,475	1,256	4,946
Amortisation					
At 1 January 2013	100	1,216	957	221	2,494
Charge for the year	31	113	147	84	375
At 31 December 2013	131	1,329	1,104	305	2,869
Charge for the year	14	143	147	110	414
At 31 December 2014	145	1,472	1,251	415	3,283
Net book value					
At 31 December 2014	105	493	224	841	1,663
At 31 December 2013	84	478	371	812	1,745

The amortisation period is assessed over the assets' estimated useful life:

Development costs	-	over 3 years from date products go into production
Other intangible assets	-	over 10 years

Additions to Customer lists in 2014 relate to the acquisition of the customer list of Les Technologies Inc.

Notes to the Financial Statements

31 December 2014

12. OTHER INTANGIBLE ASSETS (CONTINUED)

Company	Intellectual property £'000	Customer lists £'000	Develop- ment costs £'000	Trademarks £'000	Total £'000
Cost					
At 1 January 2013	959	197	1,444	197	2,797
Additions	-	663	363	18	1,044
At 31 December 2013	959	860	1,807	215	3,841
Additions	-	-	158	35	193
At 31 December 2014	959	860	1,965	250	4,034
Amortisation					
At 1 January 2013	441	5	1,216	100	1,762
Charge for the year	147	67	113	31	358
At 31 December 2013	588	72	1,329	131	2,120
Charge for the year	147	86	143	14	390
At 31 December 2014	735	158	1,472	145	2,510
Net book value					
At 31 December 2014	224	702	493	105	1,524
At 31 December 2013	371	788	478	84	1,721

The amortisation period and the impairment for the year ended 31 December 2014 is as detailed for the Group above.

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13. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold buildings £'000	Plant and machinery £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2013	5,976	3,359	3,600	65	13,000
Additions	12	205	403	23	643
Disposals	-	-	(383)	-	(383)
Exchange differences	(47)	(9)	(65)	(9)	(130)
Reclassifications	-	-	(56)	-	(56)
At 31 December 2013	5,941	3,555	3,499	79	13,074
Additions	1	87	372	-	460
Disposals	-	-	(41)	-	(41)
Exchange differences	27	(19)	14	-	22
Reclassifications	-	-	(21)	21	-
Impairment in the year	(1,330)	-	-	-	(1,330)
At 31 December 2014	4,639	3,623	3,823	100	12,185
Depreciation					
At 1 January 2013	1,425	1,770	2,830	13	6,038
Charge for the year	119	291	433	18	861
Disposals	-	-	(363)	-	(363)
Exchange differences	(6)	(6)	(49)	(3)	(64)
Reclassifications	-	-	(38)	-	(38)
At 31 December 2013	1,538	2,055	2,813	28	6,434
Charge for the year	120	271	356	25	772
Disposals	-	-	(37)	-	(37)
Exchange differences	4	(20)	16	-	-
Reclassifications	-	-	(4)	4	-
Impairment in the year	1,030	-	-	-	1,030
At 31 December 2014	2,692	2,306	3,144	57	8,199
Net book value					
At 31 December 2014	1,947	1,317	679	43	3,986
At 31 December 2013	4,403	1,500	686	51	6,640
Net book value of assets held under finance lease at 31 December 2014 and 2013	-	-	-	-	-

Notes to the Financial Statements

31 December 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long leasehold buildings £'000	Plant and machinery £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2013	5,161	109	1,648	-	6,918
Additions	-	33	132	-	165
Disposal	-	-	-	-	-
At 31 December 2013	5,161	142	1,780	-	7,083
Additions	-	51	139	-	190
Impairment in the year	(1,330)	-	-	-	(1,330)
At 31 December 2014	3,831	193	1,919	-	5,943
Accumulated depreciation					
At 1 January 2013	1,338	82	1,356	-	2,776
Charge for the year	104	11	179	-	294
Disposal	-	-	-	-	-
At 31 December 2013	1,442	93	1,535	-	3,070
Charge for the year	103	17	152	-	272
Impairment in the year	1,030	-	-	-	1,030
At 31 December 2014	2,575	110	1,687	-	4,372
Net book value					
At 31 December 2014	1,256	83	232	-	1,571
At 31 December 2013	3,719	49	245	-	4,013

As part of the acquisition in February 2014 of Delcam Plc by Autodesk, the long leasehold buildings were valued on an existing use basis by Lambert Smith Hampton. This exercise resulted in a write down in the value of long leasehold buildings by £2,360,000

Notes to the Financial Statements

31 December 2014

14. INTERESTS IN SUBSIDIARY UNDERTAKINGS

Company	Shares in Group undertakings £'000	Total £'000
Cost		
At 1 January 2013	2,568	2,568
Additions	451	451
	<hr/>	<hr/>
At 31 December 2013 and 1 January 2014	3,019	3,019
Additions	-	-
	<hr/>	<hr/>
At 31 December 2014	3,019	3,019
	<hr/>	<hr/>
Provisions		
At 1 January 2013, 31 December 2013 and 2014	(751)	(751)
	<hr/>	<hr/>
Net book value		
At 31 December 2014	2,268	2,268
	<hr/>	<hr/>
At 31 December 2013	2,268	2,268
	<hr/>	<hr/>

During 2013 the Group acquired a 60% holding of the shares of Delcam CAD/CAM Solutions De Mexico S. de R.L. de C and acquired a 100% holding of the shares of Delta Soft LLC.

During 2013 PT. Delcam Indonesia and Delcam Sp. z.o.o were converted from branches to subsidiaries.

Notes to the Financial Statements

31 December 2014

14. INTERESTS IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

Group undertakings

The Company has shareholdings in the following companies:

Group undertaking	Shareholding	Country of incorporation/ registration and operation
Delcam Trustees Limited (ESOP)	100%	England
Delcam Professional Services Limited	100%	England
Crispin Systems Limited	100%	England
Delcam Partmaker Limited	100%	England
Delcam Italia SRL	100%	Italy
Delcam International GmbH	100%	Germany
Delcam France SAS	100%	France
Delcam Malaysia Sdn. Bhd	100%	Malaysia
Delcam Japan Kabushiki Kaisya	100%	Japan
Beijing Delcam Integrated System Co. Limited	100%	China
Delcam SEA PTE Limited	100%	Singapore
Delcam Software (India) Private Limited	90%	India
Delcam Consulting and Technology Services Limited	90%	India
Delcam USA Inc	100%	USA
Delcam Holdings (USA) Inc.	100%	USA
Delcam Partmaker Inc.	100%	USA
Delcam International Inc.	100%	Canada
Delcam Benelux BV	100%	Netherlands
Delcam Australia Pty Limited	100%	Australia
Delcam Turkey Yazılım Hizmetleri Limited Sirketi	100%	Turkey
Delcam Ukraine LLC	100%	Ukraine
Delcam CAD/CAM Solutions De Mexico S. de R.L. de C.	60%	Mexico
Delta Soft LLC	100%	Russia
PT. Delcam Indonesia	99%	Indonesia
Delcam Sp. z.o.o	100%	Poland

Delcam Trustees Limited is a trust company (ESOP) set up on behalf of the Employees Benefit Trust, further information in respect of which is provided in note 26 of these financial statements. The ESOP is accounted for as an investment in own shares and is disclosed in shareholders' funds.

Delcam Partmaker Limited and Crispin Systems Limited are dormant companies. Delcam Professional Services Limited carries out the business of consultancy and advance manufacturing. Delcam SEA PTE Limited, Delcam Consulting and Technology Services Limited, and Delcam Benelux BV carry out the business of consultancy. The other Group undertakings carry on the business of the supply of CAD/CAM systems to overseas markets.

Notes to the Financial Statements

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15. INTERESTS IN ASSOCIATES

Group	2014 £'000	2013 £'000
Share of aggregated amounts relating to associates		
Total assets	4,239	3,886
Total liabilities	(2,559)	(2,382)
Provisions	(170)	(170)
Interests in associates	1,510	1,334
Share of revenues for the year	4,707	4,130
Share of profit after tax and other comprehensive income for the year	286	107
Company	2014 £'000	2013 £'000
Cost of investment brought and carried forward	306	306

Investment	Ordinary Shareholding	Country of incorporation/ registration and operation
Hankook Delcam Limited	30%	Korea
Delcam Taiwan Co. Limited	24.45%	Taiwan
Desarrollo Cad Cam S.A	25%	Spain
Mind Gear S.L.	25%	Spain
Norcam EEDI Lda	49%	Portugal
Delcam Thailand Co Limited	49%	Thailand
Delcam URAL Limited	51%	Russia
Fabbify Software GmbH	24.8%	Germany
Delcam Danmark ApS	51%	Denmark

Each of the associated undertakings carry on the business of agents supplying CAD/CAM systems to overseas markets.

Delcam Thailand Co. Limited owns 99.9% of Delcam Engineering Services (Thailand) Co. Limited, a company incorporated in Thailand.

Significant judgments and assumptions

Delcam URAL Limited and Delcam Danmark ApS have been accounted for as associates as the Company does not have operational control of the entities or their activities.

Notes to the Financial Statements

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15. INTERESTS IN ASSOCIATES (CONTINUED)

Related party transactions

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

	2014 £'000	2013 £'000
Sales to Group undertakings	14,256	13,834
Sales to associated undertakings	4,429	4,113
Sales to related parties	9	48
Purchases from Group undertakings	4,147	4,551
Purchases from associated undertakings	315	295
Purchases from related parties	-	8
Amounts due from related party at 31 December	-	22

The year-end balances with Group, associated undertakings and related parties are included within notes 18 and 20. The related party is Renishaw Plc, a related party by virtue of a common Director (up to 7 February 2014) and Renishaw Plc's substantial shareholding in Delcam Ltd up to 7 February 2014.

16. OTHER INVESTMENTS

Group and Company

The investments listed below are not equity accounted for as associates or subsidiaries

Investment	Shareholding	Country of incorporation/ and operation	2014 £000 Group	2014 £000 Company
Delcam Spb	52%	Russia	-	-
Delcam Samara	21.4%	Russia	-	-
Delcam BRNO	33%	Czech Republic	-	-
Delcam RO S.R.L	20%	Romania	-	-
Delcam Middle East (branch office)	100%	Dubai	-	-
			-	-
Japan (*)				
At 1 January 2014			117	-
Additions			9	-
Exchange differences			(9)	-
			-	-
At 31 December 2014			117	

(*) The Japan investment is a short term investment held with an Insurance Company to service any severance pay obligations. It is classified as a receivable under IAS 39.

Significant judgments and assumptions

The Group is unable to exercise significant influence over Delcam Spb, Delcam Samara, Delcam BRNO or Delcam RO S.R.L and so they are not equity accounted for. The Directors have been unable to influence the management and control of these entities because of their locations and the lack of cooperation from local management. The Directors have not sought further measures to impose such control as the companies are not significant to the group.

Delcam Middle East is a branch office with their full revenue, costs, assets and liabilities recorded in the accounts of Delcam Ltd. The overall effect of their results on the Group is considered to be immaterial and they have therefore been included at historical cost.

Notes to the Financial Statements

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17. INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Work in progress	1,325	350	-	-
Finished goods and goods for resale	305	465	147	348
	<u>1,630</u>	<u>815</u>	<u>147</u>	<u>348</u>

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade receivables	9,211	7,935	2,311	1,990
Amounts owed by Group undertakings	-	-	10,516	9,708
Amounts owed by undertakings in which the Company has a participating interest	1,221	957	1,221	957
Other receivables	1,028	1,227	236	585
Prepayments and accrued income	882	798	458	438
	<u>12,342</u>	<u>10,917</u>	<u>14,742</u>	<u>13,678</u>

Trade receivables

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade receivables	11,474	10,096	3,070	2,798
Less allowance for doubtful debts	(2,263)	(2,161)	(759)	(808)
	<u>9,211</u>	<u>7,935</u>	<u>2,311</u>	<u>1,990</u>

The average credit period taken on sales of goods is 69 days (2013: 63 days) in respect of the Group and 143 days (2013: 133 days) for the Company. Credit terms are normally 30-45 days. No interest is charged on the receivables for the first 30 days from the date of the invoice. Thereafter, management charge interest on the outstanding balance, where the debt is considered significantly overdue, with interest being charged at market rates.

The Group and Company has provided in full against all trade receivables over 180 days and 50% of all trade receivables over 120 days because historical experience is such that such trade receivables are generally difficult to recover after this period. Trade receivables between 30 and 120 days are individually assessed based on estimated recoverable amounts, determined by past experience.

Notes to the Financial Statements

31 December 2014

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of past due but not impaired receivables:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
0 - 90 days	2,665	2,396	3,393	3,613
90 - 120 days	756	253	969	865
120 - 180 days	752	127	2,829	1,280
Total	4,173	2,776	7,191	5,758

Movement in bad and doubtful debt provisions

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Movement in doubtful debts				
Balance brought forward at 1 January	2,161	2,020	808	760
Impairment loss recognised	1,555	1,558	787	762
Amounts recovered	(1,453)	(1,417)	(836)	(714)
Balance carried forward at 31 December	2,263	2,161	759	808

The Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired receivables. The ageing of impaired trade receivables:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
0 - 90 days	-	-	-	-
90 - 120 days	250	605	-	300
120+ days	2,013	1,556	759	508
Total	2,263	2,161	759	808

The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

19. SHORT TERM INVESTMENTS AND CASH

Group and Company

Any short term investments represents monies held on bank deposits with a maturity of less than one year. At 31 December 2014, included within cash and cash equivalents and other payables (note 20) is £nil (2013: £0.7m) that relates to monies received by the Group for a grant in respect of a European project. This cash is restricted as the Group and Company has been nominated to administer the funds, which are to be distributed to several other independent partners. Therefore this cash is not considered as part of the net owned funds of the Group and Company.

Notes to the Financial Statements

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20. TRADE AND OTHER PAYABLES AND PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade payables	855	1,427	291	878
Amounts due to Group undertakings	-	-	1,886	1,674
Other taxation and social security	1,869	2,739	1,076	1,808
Other payables	2,145	2,583	594	915
Accruals	2,782	1,739	941	810
	<u>7,651</u>	<u>8,488</u>	<u>4,788</u>	<u>6,085</u>

The trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 21 days (2013: 38 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Provisions	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Balance brought forward at 1 January	740	916	640	816
Increases in provisions	-	140	-	40
Amounts utilised	(176)	(316)	(176)	(216)
	<u>564</u>	<u>740</u>	<u>464</u>	<u>640</u>

The provisions total above includes provisions relating to claims, refundable grant monies, dilapidations (relating to the Group's property leases) and overseas obligations as detailed below. Cash outflows in respect of the provisions above are expected over the next three years.

Provisions £'000	Group				Company			
	Dilapidations	Overseas commitments	Grants	Total	Dilapidations	Overseas commitments	Grants	Total
At 1 January 2014	104	523	113	740	104	423	113	640
Increases	-	-	-	-	-	-	-	-
Amounts utilised	-	(121)	(55)	(176)	-	(121)	(55)	(176)
	<u>104</u>	<u>402</u>	<u>58</u>	<u>564</u>	<u>104</u>	<u>302</u>	<u>58</u>	<u>464</u>
At 31 December 2014	104	402	58	564	104	302	58	464

Specific details regarding certain overseas commitments could seriously prejudice the position of the entity in a dispute with other parties, and such information has therefore not been disclosed in the financial statements.

Notes to the Financial Statements

31 December 2014

21. BORROWINGS

The bank overdraft facility of £1.25m is unsecured. The bank overdraft is repayable on demand. The effective interest rate on the bank overdraft is 1.5% above bank base rate (2013: 1.5%).

22. DEFERRED INCOME

	2014 £'000	Group 2013 £'000	2014 £'000	Company 2013 £'000
Maintenance income - within one year	7,293	6,286	4,570	3,897
Maintenance income - more than one year	592	381	362	370
Other income - within one year	1,745	836	218	148
Other Income – More than one year	-	58	-	-
	<u>9,630</u>	<u>7,561</u>	<u>5,150</u>	<u>4,415</u>
Current liabilities	9,038	7,122	4,788	4,045
Non-current liabilities	592	439	362	370
	<u>9,630</u>	<u>7,561</u>	<u>5,150</u>	<u>4,415</u>

Deferred maintenance income represents amounts invoiced in advance in respect of contracts for the provision of software maintenance.

Other deferred income represents advance consulting and training income invoiced.

23. DEFERRED TAX

The deferred tax (assets)/liabilities are as follows:

Group	Accelerated capital allowances £'000	Temporary differences £'000	Revaluation of building £'000	Pension scheme £'000	Losses £'000	Total £'000
At 1 January 2013	201	(626)	312	-	(1,000)	(1,113)
Credit to income statement	17	61	(36)	-	116	158
Credit to other comprehensive income	-	-	(5)	-	-	(5)
At 31 December 2013	<u>218</u>	<u>(565)</u>	<u>271</u>	<u>-</u>	<u>(884)</u>	<u>(960)</u>
Charge to income statement	(84)	272	(271)	-	299	216
Credit to other comprehensive income	-	-	-	(951)	-	(951)
At 31 December 2014	<u>134</u>	<u>(293)</u>	<u>-</u>	<u>(951)</u>	<u>(585)</u>	<u>(1,695)</u>

Notes to the Financial Statements

31 December 2014

23. DEFERRED TAX (CONTINUED)

Company	Accelerated capital allowances £'000	Temporary differences £'000	Revaluation of building £'000	Pension scheme £'000	Losses £'000	Total £'000
At 1 January 2013	166	(568)	312	-	(1,000)	(1,090)
Credit to income statement	32	61	(36)	-	116	173
Credit to other comprehensive income	-	-	(5)	-	-	(5)
At 31 December 2013	198	(507)	271	-	(884)	(922)
Charge to income statement	(88)	303	(271)	-	299	243
Credit to other comprehensive income	-	-	-	(951)	-	(951)
At 31 December 2014	110	(204)	-	(951)	(585)	(1,630)

At the balance sheet date, the Group has unprovided tax losses of £1,021,000 (2013: £1,000,000).

24. SHARE CAPITAL

Group and Company	2014 £'000	2013 £'000
Issued, called up, allotted and fully paid		
8,491,404 (2013: 7,935,167) Ordinary shares of 10p each	849	793
Nil (2013: 78,660) 'C' Ordinary shares of 10p each	-	8
	<u>849</u>	<u>801</u>

An Employee Benefit Trust, for which Delcam Trustees Limited is the sponsor, held 101,386 Ordinary shares and 78,660 'C' Ordinary shares at 31 December 2014. The 'C' Ordinary shares have no rights to vote, attend general meetings or any dividend.

Group and Company	2014 No.	2013 No.
At 1 January	8,013,827	8,013,827
Issued during the year	477,577	-
At 31 December	<u>8,491,404</u>	<u>8,013,827</u>

477,577 new shares were issued on 6 February 2014 to arrange settlement of the outstanding share options. On the same date the C Ordinary shares were converted into Ordinary shares.

Notes to the Financial Statements

31 December 2014

25. SHARE BASED PAYMENTS

The share options vest over a period of three years. There were no performance conditions that applied to the share options, other than continued employment.

For the share options, the fair value has been assessed, by applying the Black Scholes' option pricing model. 2012 Options are assumed to have a lifespan of 3 years.

2007 share options - The model assumed volatility of 22.9% based on the weighted average share price movements over the previous three years, expected dividend yield of 1.7%, and a risk free rate of 4.6%. The option exercise price is £4.10 per share. On this basis, the fair value of the options at grant date is £1.37 per share. The share price at the date of grant was £4.10.

2008 share options - The model assumed volatility of 42.3% based on the weighted average share price movements over the previous three years, expected dividend yield of 1.8% and a risk free rate of 4.8%. The option exercise price is £3.00 per share. On this basis, the fair value of the options at grant date is £1.66 per share. The share price at date of grant was £3.27.

2009 share options - The model assumed volatility of 46.7% based on the weighted average share price movements over the last three years, expected dividend yield of 1.9% and a risk free rate of 4.5%. The option exercise price is £2.30 per share. On this basis the fair value of the options at grant date was £0.94 per share. The share price at date of grant was £2.00.

2010 share options - options were issued based on the following:

	Volatility	Dividend Yield	Risk Free Rate	Exercise Price	Fair Value	Income Statement Charge	Price at Date of Grant
11 March	43.7%	1.9%	4.4%	£2.10	£0.81	£9,038	£2.12
6 April	43.7%	1.9%	4.3%	£2.10	£0.86	£1,426	£2.20
23 December	21.6%	1.9%	4.3%	£3.15	£0.71	£21,785	£3.17

2012 share options - The Model assumed volatility of 26.80% based on the weighted average share price movements over the last three years, expected dividend yield of 0.99% and a risk free rate of 4.08%. The option exercise price is £5.20 per share. On this basis the fair value of the options at grant date is £1.51 per share, resulting in a charge of £34,638 in the Income Statement. The share price at date of grant was £5.25.

2012 LTIP options - Share options were granted on 2 May 2012 under the Group's long term incentive plan. These are subject to performance conditions linked to the profit before taxation for the year ending 31 December 2014. If conditions are achieved the maximum of 39,000 share options will be issued at an exercise price of £nil. On the basis of the share price of £7.05 at the date of grant this amounts to a charge of £103,106 in the Income Statement.

2013 share options - The Model assumed volatility of 22.5% based on the weighted average share price movements over the last three years, expected dividend yield of 0.99% and a risk free rate of 4.18%. The option exercise price is £10.00 per share. On this basis the fair value of the options at grant date is £2.76 per share, resulting in a charge of £130,829 in the Income Statement. The share price at date of grant was £10.32.

2013 LTIP options - Share options were granted on 7 January 2013 under the Group's long term incentive plan. These are subject to performance conditions linked to the profit before taxation for the year ending 31 December 2014. If conditions are achieved the maximum of 28,000 share options will be issued at an exercise price of £nil. On the basis of the share price of £10.25 at the date of grant this amounts to a charge of £191,332 in the Income Statement.

The total charge in operating costs in the Income Statement for share based payments for the year ended 31 December 2014 is £460,000 (2013: £316,000) plus the accrual for NI of £nil (2013: £965,000) on options that were bought out as a consequence of the acquisition. Under the Delcam Share option scheme the following share options are still outstanding:

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25. SHARE BASED PAYMENTS (CONTINUED)

Scheme	Date of grant	Option price £	Date of first exercise	Expiry date	January 2014	Exercised during	At 31 December 2014	Proceeds
					Number	year	Number	
Unapproved	01-Apr-07	4.10	Apr-10	Apr-17	7,500	(7,500)	-	30,750
Unapproved	01-Mar-08	3.00	Mar-11	Mar-18	49,000	(49,000)	-	147,000
Unapproved	01-Mar-09	2.30	Mar-12	Mar-19	37,003	(37,003)	-	85,107
Unapproved	11-Mar-10	2.10	Mar-13	Mar-20	163,839	(163,839)	-	344,062
Unapproved	06-Apr-10	2.10	Apr-13	Apr-20	13,334	(13,334)	-	28,001
Unapproved	23-Dec-10	3.15	Dec-13	Dec-20	36,500	(36,500)	-	114,975
Approved	23-Dec-10	3.15	Dec-13	Dec-20	63,500	(63,500)	-	200,025
Unapproved	17-Jan-12	5.20	Jan-15	Jan-22	42,100	(42,100)	-	218,920
Approved	17-Jan-12	5.20	Jan-15	Jan-22	26,900	(26,900)	-	139,880
Unapproved	04-Jan-13	10.00	Jan-16	Jan-23	62,738	(62,738)	-	627,380
Approved	04-Jan-13	10.00	Jan-16	Jan-23	8,262	(8,262)	-	82,620
LTIP	02-May-12	Nil	N/A	Mar-15	39,000	(39,000)	-	-
LTIP	07-Jan-13	Nil	N/A	Mar-16	28,000	(28,000)	-	-
					577,676	(577,676)	-	2,018,720

As part of the terms of the acquisition as per note 33, all the options above were bought out at the date of acquisition and were all effectively exercised in February 2014. Included in the exercise were the following directors;

Name	Options Exercised	Exercise Price (p)
BJ Simpson	13,334	230p
SM Hobbs	20,000	210p
CP Martell	40,000	210p
BJ Simpson	20,000	210p
K Singh	20,000	210p
SM Hobbs	15,500	Nil
CP Martell	20,500	Nil
BJ Simpson	15,500	Nil
K Singh	15,000	Nil

As a result of the acquisition as per note 33, the amount of £15,609,914 was received from Autodesk Development B.V, out of which £13,591,194 was paid to the option holders and members of the ESOP. The balance of £2,018,720 represents the payment required by option holders in order to exercise those options has been recognised as a cash inflow during 2014. All options were effectively exercised in February 2014.

Notes to the Financial Statements

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25. SHARE BASED PAYMENTS (CONTINUED)

Restricted Stock Units (RSU's)

As of 31 December 2014, the parent company maintained a restricted stock unit plan 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 exercised price (WAEP) of, and movements in, RSU's during the year.

	2014 No.	2014 WAEP US \$
Outstanding as at 1 January	-	-
Granted during the year	74,250	52.10
Forfeited during the year	(1,000)	49.98
Exercised during the year	-	-
Transferred during the year	-	-
Outstanding at 31 December	73,250	52.14
Exercisable at 31 December	-	0.00

The range of exercise prices for options outstanding at the end of the year was US \$49.78 - US \$58.82. The weighted average remaining contractual life at the end of the year was 1.43 years.

The total charge in operating costs in the Income Statement for share based payments relating to the Restricted Stock Units is £925,462 (2013: £nil).

Employee Share Purchase Plan (ESPP).

In addition to the RSU plan, our employees 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 Income Statement for the share based payments relating to the Employee Share Purchase Plan is £164,503 (2013:£nil).

Notes to the Financial Statements

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26. INVESTMENT IN OWN SHARES

On 25 February 1997 the Company approved, adopted and established the Delcam Employee Benefit Trust (an ESOP Trust). A summary of the Trust Deed is as follows:

- It has been established that the original trustee is a Company wholly owned and controlled by Delcam Ltd and called Delcam Trustees Limited.
- A beneficiary of the Delcam Employee Benefit Trust is any person who at the material time is a bona fide employee, a former employee of any Group company, or the husband, wife, widow, widower or child under 18 years of age of any bona fide employee or former employee of a Group company, including executive Directors.
- Any Company within the Group may from time to time at its sole discretion transfer pay or credit sums of money to the Trustees to be held in the terms of the Delcam Employee Benefit Trust.
- The primary objectives of the Delcam Employee Benefit Trust are to hold the capital and income of the trust fund upon trust for all or such of the beneficiaries.

The Trustees may accumulate the income of the trust fund by investing it and may apply the income of the trust fund to or for the benefit of all beneficiaries as the Trustees may from time to time in their absolute discretion think fit.

During the year 477,577 shares were purchased at a cost of £47,758 by Delcam Trustees Limited and 578,963 were allocated to staff under the employee share ownership plan ('ESOP') and Share option scheme rules following the acquisition of Delcam Plc by Autodesk. All shares held by the trust are under option to employees with dividends paid out to staff under the ESOP scheme rules. Costs are written off to profit and loss as incurred. The trust held no Ordinary Shares at 31 December 2014 (2013: 101,386). Delcam Trustees Limited has been consolidated in these financial statements.

Delcam Trustees Limited held no 'C' Ordinary Shares in Delcam Ltd at 31 December 2014 (2013: 78,660).

The above holdings are held at a cost of £nil (2013: £867,133) as shown in the statement of changes in shareholders' equity.

Notes to the Financial Statements

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27. SHARE-BASED PAYMENT RESERVE

Retained earnings include:	Group £'000	Company £'000
Balance at 1 January 2013	639	594
Share based payments	316	316
Exercise of share options	(628)	(641)
Balance at 1 January 2014	327	269
Share based payments	460	460
Exercise of share options	1,219	1,167
Acceleration of share based payments on acquisition	(2,006)	(1,896)
Balance 31 December 2014	-	-
Opening 1 January 2014	-	-
Share based payments	1,090	840
Closing 31 December 2014	1,090	840

Cumulative amounts charged to the Income Statement amount to £1,090,000 (2013: £1,013,000)

28. FINANCIAL COMMITMENTS

Capital commitments

At 31 December 2014 the Group and Company had capital commitments of £nil (2013: £nil).

Operating lease commitments

At 31 December 2014 the Group and Company had total commitments under non-cancellable operating leases as set out below:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Land and buildings				
Within one year	767	608	107	86
Within two to five years	1,903	1,691	306	306
After five years	5,295	5,739	5,295	5,451
	<u>7,965</u>	<u>8,038</u>	<u>5,708</u>	<u>5,843</u>
Other leases				
Within one year	592	372	196	145
Within two to five years	813	447	296	163
	<u>1,405</u>	<u>819</u>	<u>492</u>	<u>308</u>

Notes to the Financial Statements

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29. NOTES TO THE CASHFLOW STATEMENT

29(a). Reconciliation of operating profit to operating cash flows:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Profit for the year	5,221	4,069	4,517	4,337
Taxation	1,075	831	395	283
Finance costs	1	5	1	3
Finance income	(118)	(116)	(97)	(97)
Share of results of associates	(286)	(107)	-	-
Dividends from subsidiary companies	-	-	(556)	(375)
Operating profit	5,893	4,682	4,260	4,151
Impairment of property, plant and equipment	1,030	-	1,030	-
Impairment of intangible assets	-	-	-	-
Depreciation	772	861	272	294
Amortisation of intangible assets	414	375	390	358
Impairment of investments	-	9	-	9
Share based payments	1,550	316	1,300	316
Foreign exchange	(207)	386	-	-
(Profit)/loss on sale of property, plant and equipment	4	20	-	-
Fair value through profit and loss	-	(12)	-	(12)
Pension administration expenses	35	-	35	-
Above the line R&D tax credit	(1,338)	-	(1,338)	-
Operating cash flow before working capital movements	8,153	6,637	5,949	5,116
(Increase)/decrease in inventories	(815)	(289)	201	37
(Increase) in trade and other receivables	(1,425)	(1,199)	(1,916)	(2,144)
Increase in trade and other payables, provisions and deferred income	1,697	2,439	(28)	1,354
Cash generated by operations	7,610	7,588	4,206	4,363
Additional pension contributions (note 7)	(114)	-	(114)	-
Cash flows from operating activities	7,496	7,588	4,092	4,363

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
29(b). Finance income				
Interest received	98	116	77	97
29(c). Finance costs				
Interest paid	(1)	(4)	(1)	(3)
Interest element of finance lease rental payments	-	(1)	-	-
	(1)	(5)	(1)	(3)

Notes to the Financial Statements

31 December 2014

30. PENSIONS

The Group and Company operate a defined benefit scheme called the Delcam Retirement Benefits Scheme ("the 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 Income Statement account for the pension scheme amounted to £35,000 (2013: £24,000). Actual contributions paid in the year were £114,000 (2013: £nil). In addition, contributions of £377,000 (2013: £259,000) were paid in respect of overseas state pension scheme contributions.

The Group and Company also operate a defined contribution scheme. Contributions of £702,000 (2013: £665,000) were paid during the year. There were £181,000 contributions outstanding at the year-end for all schemes (2013: £nil).

A qualified independent actuary performed an IAS 19 valuation at 31 December 2014, which forms the basis of the disclosures below. The Projected Unit credit valuation method has been used.

The Board 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 Group 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.

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Balance sheet items					
Value of Scheme assets	38,453	38,690	35,654	28,702	25,606
Value of Scheme liabilities	(43,206)	(38,311)	(33,741)	(31,575)	(27,059)
Surplus / (deficit) in the scheme	(4,753)	379	1,913	(2,873)	(1,453)
De-recognition of surplus	-	(379)	(1,913)	-	-
	(4,753)	-	-	(2,873)	(1,453)

The surplus at 31 December 2013 of £0.4m has not been recognised on the Balance Sheet as the Group and company is unable to obtain a refund from the defined benefit pension scheme and cannot benefit from a reduction in future contributions.

The assets in the Scheme were:

	2014 £'000	2013 £'000
Equities	38,415	38,542
Cash	38	148
Total market value of assets	38,453	38,690

The actual gain on pension plan assets for the year ended 31 December 2014 is £44,000 (2013: gain £3,297,000). The scheme assets equate to the fair value of assets.

An analysis of the amount, which has been charged to administration expenses in operating profit, is as follows:

	2014 £'000	2013 £'000
Administration expenses	35	24

Notes to the Financial Statements

31 December 2014

30. PENSIONS (CONTINUED)

An analysis of the amount, which has been credited to finance income is as follows:

	2014 £'000	2013 £'000
Interest on pension scheme liabilities	1,715	1,598
Expected return on pension scheme assets	(1,735)	(1,688)
	<hr/>	<hr/>
Finance (income)/cost	(20)	(90)
	<hr/>	<hr/>
Overall Income Statement charge	15	24
	<hr/>	<hr/>

Owing to the pension surplus not being recognised in 2013, the net finance income of £90,000 has not been recognised in the Income statement during 2013.

Movements in the present value of defined benefit obligations were as follows:

	2014 £'000	2013 £'000
At 1 January	(38,311)	(33,741)
Administration expenses	(35)	(24)
Interest cost	(1,715)	(1,598)
Actuarial gains and losses	(5,275)	(3,209)
Contributions net of benefits paid	2,130	261
	<hr/>	<hr/>
At 31 December	(43,206)	(38,311)
	<hr/>	<hr/>

The scheme's obligations can be allocated to the participants as follows:

- Deferred plan participants: 92.8% (2013: 92.8%)
- Retirees 7.2% (2013: 7.2%)

The weighted average duration of the obligation at the year-end is 24 years (2013: 23 years)

Movements in the fair value of the scheme assets were as follows:

	2014 £'000	2013 £'000
At 1 January	38,690	35,654
Interest on scheme assets	1,735	1,688
Actuarial gains and losses	44	1,609
Contributions from employer	114	-
Contributions net of benefits paid	(2,130)	(261)
	<hr/>	<hr/>
At 31 December	38,453	38,690
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2014

30. PENSIONS (CONTINUED)

An analysis of the amounts which have been recognised in other comprehensive income (OCI) is as follows:

	2014 £'000	2013 £'000
Actual return less expected return on Pension Scheme assets	44	1,609
Experience gains arising on Pension Scheme Liabilities	-	-
Changes in financial assumptions underlying Pension Scheme Liabilities	(5,275)	(3,209)
De-recognition of pension surplus	379	1,600
	<hr/>	<hr/>
Actuarial loss recognised in OCI	(4,852)	-
	<hr/>	<hr/>

The cumulative amount of actuarial losses recognised in OCI since the date of transition, 1 January 2006, is £16,833,000 (2013: £11,981,000).

The estimate of Employers' contributions expected to be paid to the pension plan for the year ending 31 December 2015 is £nil.

	2014	2013
Actuarial assumptions		
Discount rate	3.75%	4.60%
Increases in pensions in payment	2.85%	3.20%
Inflation	2.95%	3.30%

Discount rate

The discount rate at 31 December 2014 is based on an agreed upon rate between Delcam Ltd and AON Hewitt.

Mortality assumptions

Investigations have been carried out into the mortality experience of the Group's defined benefit scheme. This investigation concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The Group use SAPS S1 light birth year tables with CMI 2011 projections for future improvements with a long term rate of 1% per annum, which assumes life expectancies on retirement at age 65 to be on average 23.9 years for a male and 25.1 years for a female retiring today.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions above. The discount rate and mortality rate are considered the most significant actuarial assumptions to which a reasonable change could cause a significant effect on the plan obligation as follows:

- a 0.1% pa decrease in the discount rate will increase the IAS 19 liabilities by approximately £0.8 million.
- a 0.5% pa decrease in the discount rate will increase the IAS 19 liabilities by approximately £4.1 million
- a 1 year increase in life expectancy will increase the IAS 19 liabilities by approximately £0.9 million.

The above sensitivities are based on the average duration determined at the last full actuarial valuation and are applied to the obligations at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Notes to the Financial Statements

31 December 2014

30. PENSIONS (CONTINUED)

History of experience gains and losses	2014	2013	2012	2011	2010
Experience gains and losses on scheme assets:					
Amount £'000	44	1,609	1,728	(3,141)	1,472
Percentage of scheme assets	0%	4%	5%	11%	6%
Experience gains and losses on scheme liabilities:					
Amount £'000	-	-	(525)	(547)	(743)
Percentage of the present value of the scheme liabilities	0%	0%	2%	2%	3%
Total amount recognised in statement of comprehensive income:					
Amount £'000	(4,852)	-	(1,081)	(6,373)	1,080
Percentage of the present value of the scheme liabilities	11%	0%	3%	20%	4%

31. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of cash balances, and retained earnings as disclosed in the balance sheet and the KPIs shown in the Directors' report. The Board closely monitor current and forecast cash balances at monthly Board meetings to allow the Group to maximise its return, whilst maintaining suitable amounts of liquid funds to allow acquisitions to be funded as such opportunities arise and continued investment in property, plant and equipment and research and development.

Categories of financial instruments

	Group Carrying value		Company Carrying value	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Loans and receivables				
Trade and other receivables	11,460	10,119	3,768	3,532
Amounts owed by Group undertakings	-	-	10,516	9,708
Cash and cash equivalents	21,395	13,931	13,949	8,430
Short term investments	-	-	-	-
	<u>32,855</u>	<u>24,050</u>	<u>28,233</u>	<u>21,670</u>

Notes to the Financial Statements

31 December 2014

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade and other payables – held at amortised cost	4,869	5,786	3,847	4,312
	<u>4,869</u>	<u>5,786</u>	<u>3,847</u>	<u>4,312</u>

Financial risk management objectives

Management monitor and manage the financial risks relating to the operations of the Group and Company. These risks include currency risk, interest rate risk, credit risk and liquidity risk.

The Group and Company seeks to minimise the effects of these risks by using derivative financial instruments to reduce these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group and Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. Whilst the Group and Company enters into forward currency contracts to mitigate foreign currency risk, it does not apply hedge accounting. There have been no significant changes in types of risk from the prior year.

Market risk

The Group's and Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates particularly in US dollars, Japanese Yen and Euros. The Group and Company enter into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of services overseas in Euros, and US \$
- use of fixed interest rates on its finance leases

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies in US \$, Euro and Japanese Yen. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Notes to the Financial Statements

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31. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts of the Group's monetary financial assets and monetary financial liabilities are analysed by currency at the reporting date are as follows:

	Financial liabilities		Financial assets	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Euro	1,169	2,013	4,688	4,976
US Dollar	376	823	4,138	6,832
Japanese Yen	122	182	1,585	1,560
Sterling	2,018	1,831	16,577	6,735
Canadian Dollar	55	86	1,035	530
Indian Rupee	400	243	1,640	1,135
Malaysian Ringgits	23	14	42	116
Chinese Yuan Renminbi	463	402	1,650	1,215
Singapore Dollar	1	4	37	54
Australian Dollar	61	32	312	179
Turkish Lira	30	15	329	114
Mexican Pesos	25	23	244	170
Indonesian Rupiah	21	36	356	116
Polish Zloty	105	82	222	318
	<u>4,869</u>	<u>5,786</u>	<u>32,855</u>	<u>24,050</u>

The carrying amounts of the Company's monetary financial assets and monetary financial liabilities denominated in foreign currency at the reporting date are as follows:

	Financial liabilities		Financial assets	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Euro	260	916	2,421	2,915
US Dollar	753	825	8,722	11,047
JPN Yen	107	115	202	302
	<u>1,120</u>	<u>1,856</u>	<u>11,345</u>	<u>14,264</u>

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US \$ currency movements.

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling against the relevant foreign currencies.

	Euro currency impact		US \$ currency impact	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Income Statement and equity impact	<u>869</u>	<u>830</u>	<u>1,509</u>	<u>1,522</u>

Notes to the Financial Statements

31 December 2014

31. FINANCIAL INSTRUMENTS (CONTINUED)

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions for up to twelve months. The Group does not hedge account for the forward currency exchange contracts. At 31 December 2014, the aggregate amount of loss under forward foreign exchange contracts to these anticipated future sales transactions is £nil (2013: £nil). The income / expense in the Income Statement for the year ended 31 December 2014 is £nil (2013: £12,000 income).

Interest rate risk

Delcam's policy is to minimise interest rate cash flow risk exposure on long term financing. Longer term borrowings are therefore at fixed rates. If interest rates on floating rate assets/borrowings (i.e. cash and cash equivalents and bank overdrafts which attract interest at floating rates) were to change by + or - 1% the impact on the results in the Income Statement account and equity would be an increase/decrease of £113,000.

The Group has access to financing facilities. The total unused amount of overdraft facility is £1.25 million at the balance sheet date (2013: £1.25 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Credit risk

This is considered in note 18 of these financial statements.

Liquidity risk

Delcam manages its liquidity by carefully monitoring its debt payments for long term financial liabilities. Delcam maintains cash and cash equivalents to meet its liquidity requirements for up to 365 day periods.

At 31 December 2014, the Group's liabilities have contractual maturities summarised below:

2014	Current		Non-current	
	Within 6 months £'000	6-12 months £'000	1 to 5 years £'000	Total £'000
Trade and other payables	4,869	-	-	4,869
	<u>4,869</u>	<u>-</u>	<u>-</u>	<u>4,869</u>
2013	Current		Non-current	
	Within 6 months £'000	6-12 months £'000	1 to 5 years £'000	Total £'000
Trade and other payables	5,786	-	-	5,786
	<u>5,786</u>	<u>-</u>	<u>-</u>	<u>5,786</u>

Notes to the Financial Statements

31 December 2014

31. FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2014, the Company's liabilities have contractual maturities summarised below:

2014	Current		Non-current	
	Within 6 months £'000	6-12 months £'000	1 to 5 years £'000	Total £'000
Trade and other payables	3,847	-	-	3,847
	<u>3,847</u>	<u>-</u>	<u>-</u>	<u>3,847</u>
	<u><u>3,847</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,847</u></u>
2013	Current		Non-current	
	Within 6 months £'000	6-12 months £'000	1 to 5 years £'000	Over 5 years £'000
Trade and other payables	4,312	-	-	4,312
	<u>4,312</u>	<u>-</u>	<u>-</u>	<u>4,312</u>
	<u><u>4,312</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,312</u></u>

32. FAIR VALUE MEASUREMENTS

The methods and techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Fair value measurement of financial instruments

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables are considered a reasonable approximation of fair value due to the short duration of these instruments.

33. ULTIMATE CONTROLLING PARTY

On 6 February 2014 the entire share capital of Delcam Plc was acquired by 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 U.S.A. Autodesk Inc is now the ultimate controlling party of Delcam Ltd.