

Perceptive Instruments Limited

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016



Company Registration No. 02498351

Perceptive Instruments Limited

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Perceptive Instruments Limited

DIRECTORS AND ADVISERS

DIRECTORS

PJ Reason
DM Sherwin
NJ Goldsmith

REGISTERED OFFICE

Diamond Way
Stone Business Park
Stone
Staffordshire
ST15 0SD

AUDITOR

RSM UK Audit LLP
Chartered Accountants
14th Floor
Chapel Street
Liverpool
L3 9AG

BANKER

National Westminster Bank plc
1 Spinningfields Square
Manchester
M2 3AP

Perceptive Instruments Limited

DIRECTORS' REPORT

The directors submit their report and the Company financial statements of Perceptive Instruments Limited for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the design, development, supply, installation and support of software and hardware for image analysis and data processing primarily for the pharmaceutical, agrochemical, food and other industrial applications.

DIRECTORS

The following directors have held office since 1 January 2016:

PJ Reason
DM Sherwin
NJ Goldsmith

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they 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 it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



NJ Goldsmith
Director

Diamond Way
Stone Business Park
Stone
Staffordshire
ST15 0SD

27 September 2017

Perceptive Instruments Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law.

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 of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Perceptive Instruments Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERCEPTIVE INSTRUMENTS LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

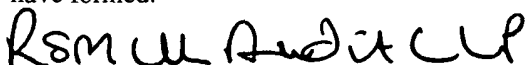
Perceptive Instruments Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERCEPTIVE INSTRUMENTS LIMITED

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, 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.

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.



GRAHAM BOND FCA (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP

14th Floor

Chapel Street

Liverpool

L3 9AG

29 September 2017

Perceptive Instruments Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	2016 £000	2015 £000
REVENUE	1	1,356	927
Operating expenses		(536)	(656)
Share based payment		-	(124)
		<hr/>	<hr/>
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)		820	147
Depreciation		(3)	(3)
Amortisation of internally generated intangibles		(9)	(1)
		<hr/>	<hr/>
PROFIT BEFORE FINANCE INCOME		808	143
Finance income	3	46	-
		<hr/>	<hr/>
PROFIT BEFORE TAXATION	2	854	143
Taxation	6	(32)	23
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL PERIOD		822	166
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		822	166
		<hr/>	<hr/>

All amounts above relate to continuing operations.

Perceptive Instruments Limited

STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	2016 £000	2015 £000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	113	67
Property, plant and equipment	8	13	6
Deferred tax asset	13	-	39
TOTAL NON-CURRENT ASSETS		126	112
CURRENT ASSETS			
Inventories	9	27	14
Trade and other receivables	10	2,145	1,642
Cash and cash equivalents		409	368
TOTAL CURRENT ASSETS		2,581	2,024
TOTAL ASSETS		2,707	2,136
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	97	314
Corporation tax payable		16	-
Deferred income		192	248
TOTAL CURRENT LIABILITIES		305	562
NON-CURRENT LIABILITIES			
Deferred tax liability	13	6	-
TOTAL NON-CURRENT LIABILITIES		6	-
TOTAL LIABILITIES		311	562
EQUITY			
Share capital	12	-	-
Capital contribution reserve		209	209
Retained earnings		2,187	1,365
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		2,396	1,574
TOTAL EQUITY AND LIABILITIES		2,707	2,136

The financial statements on pages 6 to 21 were approved by the board of directors and authorised for issue on 29 September 2017 and are signed on its behalf by:



NJ Goldsmith
Director

Company Registration No. 02498351

Perceptive Instruments Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital £000	Capital contribution reserve £000	Retained earnings £000	Total £000
Balance as at 1 January 2015	-	85	1,199	1,284
Profit for the financial year	-	-	166	166
Total comprehensive income	-	-	166	166
Share based payment	-	124	-	124
Balance as at 31 December 2015	-	209	1,365	1,574
Balance as at 1 January 2016	-	209	1,365	1,574
Profit for the financial year	-	-	822	822
Total comprehensive income	-	-	822	822
Balance as at 31 December 2016	-	209	2,187	2,396

Perceptive Instruments Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

Perceptive Instruments Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The principal activity of the Company is the design, development, supply, installation and support of software and hardware for image analysis and data processing primarily for the pharmaceutical, agrochemical, food and other industrial applications.

The address of the Company's registered office is Diamond Way, Stone Business Park, Stone, Staffordshire, ST15 0SD.

BASIS OF ACCOUNTING

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC).

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

These financial statements of Perceptive Instruments Limited prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)'. This framework is issued by the FRC incorporating The Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

REDUCED DISCLOSURE

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments; Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information),
 - 134-136 (capital management disclosures),
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements), and
 - 40A-D (requirements for a third statement of financial position).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

Perceptive Instruments Limited

ACCOUNTING POLICIES

REDUCED DISCLOSURE (continued)

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirement of IFRS 1, 'First-time adoption of International Financial Reporting Standards' to present a statement of financial position at the date of transition.
- Paragraphs 46 to 52 of IFRS 2 'Share-based Payment' (shared based payment disclosure).
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations' may be omitted provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- Paragraph 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.
- Paragraphs 130(f)(ii), 130(f)(111), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

GOING CONCERN

The Company's principal activities are set out on page 2. The Company, and the group of which the Company is a member, has a significant proportion of recurring revenue from a well established, global customer base supported by a largely fixed cost base. A group working capital facility has been put in place to support its working capital needs through 2017 and beyond.

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

REVENUE RECOGNITION

The Company follows the principles of IAS 18 'Revenue Recognition', in determining appropriate revenue recognition principles. In general, revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company.

Revenue comprises the value of software licence sales, SaaS subscription, installation, training, and maintenance and support services. Revenue is recognised when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the sales price is fixed and determinable and (iv) collectability is reasonably assured.

For software arrangements with multiple elements revenue is recognised dependent on whether vendor-specific objective evidence ('VSOE') of fair value exists for each of the elements. VSOE is determined by reference to sales made to customers on a stand-alone basis. Where there is no VSOE revenue is recognised over the full term of each contract.

Revenue from licence based products is recognised when the risks and rewards of ownership of the product are transferred to the customer i.e. when licence keys are delivered to the customer, the sales price is fixed and determinable and collectability is reasonably assured.

Revenue from software maintenance, SaaS and other time based contracts are recognised over the invoiced contract period.

Revenue from installation and training is recognised on a percentage completion basis on fixed price contracts or as services are provided in respect of time and materials contracts.

The excess of amounts invoiced over revenue is included in accruals and deferred income. If the amount of revenue recognised exceeds the amounts invoiced the excess amount is included within amounts recoverable on contracts.

Perceptive Instruments Limited

ACCOUNTING POLICIES

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION ('EBITDA')

Earnings before interest, taxation, depreciation, amortisation and non-recurring costs (EBITDA) is profit/(loss) arising from the Company's normal trading activities stated before depreciation, amortisation, non-recurring costs, finance income and finance costs, and shown in this way to provide a clearer measure of underlying operating performance.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

FINANCE INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Finance income includes exchange gains (including exchange gains on the translation of intra-group funding balances).

LEASING

All leases are "operating leases" and the annual rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

SHARE-BASED PAYMENT TRANSACTIONS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. Fair values are measured by use of the Binomial, Monte Carlo or Black Scholes models. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the option at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date. Market vesting conditions are linked to the Group's share price performance relative to the performance of the AIM All share index. Non-market vesting conditions are linked to trading performance and service over defined time periods.

Cancelled or settled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in profit or loss in the year that the options are cancelled or settled. Where the terms of the options are modified and the modification increases the fair value or number of equity instruments granted, measured immediately before and after the modification, the incremental fair value is spread over the remaining vesting period.

Options over the Group's shares granted to employees of subsidiaries are recognised as a capital contribution by the Company to the subsidiaries.

Perceptive Instruments Limited

ACCOUNTING POLICIES

TAXATION

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Income tax credits for research and development activities are recognised on a cash basis or when their receipt is reasonably certain.

Deferred tax is accounted for on the basis of temporary differences arising from the differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case it is dealt with within equity. It is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

INTANGIBLE ASSETS

Computer Software

Computer software is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised and amortised on a straight line basis over their useful economic lives of three years. Costs relating to development of computer software for internal use are capitalised once the recognition criteria of IAS 38 "Intangible Assets" are met. When the software is available for its use, these costs are amortised over the estimated useful life of the software.

Internally generated intangible assets

Expenditure on research activities is recognised in the statement of comprehensive income as incurred.

Expenditure arising from the Company's development of software for sale to third parties is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the Company has the intention to complete the asset and the ability and intention to use or sell it;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Where these criteria have not been achieved, development expenditure is recognised in profit or loss in the period in which it is incurred.

Internally-generated intangible assets are amortised, once the product is available for use, on a straight-line basis over their useful lives (five to eight years).

Perceptive Instruments Limited

ACCOUNTING POLICIES

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and provision for impairments.

Depreciation is provided on all assets so as to write off the cost less estimated residual value on a straight line basis as follows:

Leasehold improvements	-	Straight line over 5 years
Office equipment, fixtures and fittings	-	Straight line over 3-4 years

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

INVENTORY

Inventory is stated at the lower of cost and net realisable value.

Provision is made where necessary for obsolete and slow moving inventory.

FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments.

Recognition and valuation of financial assets

Financial assets are initially recorded at their fair value net of transaction costs. At each reporting date, the Company reviews the carrying value of its financial assets to determine whether there is objective evidence of an indication of impairment. If any such indication exists the recoverable amount is estimated and any identified impairment loss is recognised in the statement of comprehensive income.

Investments

Investments in subsidiaries, associates and joint ventures are recorded at cost in the statement of financial position. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the statement of comprehensive income in the period they occur.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash deposits which are readily convertible to a known amount of cash.

Trade receivables, Group receivables and Other receivables

Receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an impairment provision account and any impairment loss is recognised in the statement of comprehensive income.

Perceptive Instruments Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity

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

Trade payables, Group payables and Other payables

Payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost.

Ordinary share capital

For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

RETIREMENT BENEFITS

Defined contribution schemes

A defined contribution scheme is a pension plan under which the Company pays a fixed contribution to a scheme with an external provider. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other payables or other receivables in the statement of financial position. The Company has no further payment obligations once the contributions have been paid.

CAPITAL CONTRIBUTION RESERVE

The Company contributes towards equity-settled share-based payments to certain employees, made by its parent company, Instem plc. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. A cost is recognised in the Company relating to the employees of the Company who hold these instruments and an equivalent amount is recognised as a movement in the capital contribution reserve.

RETAINED EARNINGS

The retained earnings reserve includes the accumulated profits and losses arising from the 'Statement of Comprehensive Income' and certain items from 'Other Comprehensive Income' attributable to equity shareholders net of distributions to shareholders.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no critical accounting estimates and judgements in respect of the preparation of the Company's financial statements.

Perceptive Instruments Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 REVENUE

The directors believe that the Company operates in one business segment. The geographical split of revenue is as follows:

	2016 £000	2015 £000
United Kingdom	188	296
Rest of Europe	586	291
USA and Canada	549	304
Rest of World	33	36
	<u>1,356</u>	<u>927</u>

2 PROFIT BEFORE TAXATION

	2016 £000	2015 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation and amounts written off property, plant and equipment:		
Charge for the year – owned assets	3	3
Amortisation	9	1
Foreign exchange (gains)/loss	(46)	20
Operating lease rentals:		
Land and buildings	14	14
Audit services:		
Statutory audit of Company	7	7
	<u> </u>	<u> </u>

3 FINANCE INCOME

	2016 £000	2015 £000
Foreign exchange gains	46	-
	<u> </u>	<u> </u>

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

4 EMPLOYEES

	2016	2015
	Number	Number
The average monthly number of persons (including directors) employed by the Company during the year was:		
Directors and administration	4	4
Sales and product development	5	4
	<u>9</u>	<u>8</u>
	<u><u>9</u></u>	<u><u>8</u></u>

Staff costs for the above persons:

	2016	2015
	£000	£000
Wages and salaries	307	271
Social security costs	51	38
Other pension costs	25	23
	<u>383</u>	<u>332</u>
	<u><u>383</u></u>	<u><u>332</u></u>

5 DIRECTORS' REMUNERATION

	2016	2015
	£000	£000
Emoluments	-	3
	<u>-</u>	<u>3</u>
	<u><u>-</u></u>	<u><u>3</u></u>

There are no directors accruing pension benefits during the year (2015: £nil). The directors are remunerated by other companies within the Instem group.

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

6 TAXATION

	2016	2015
	£000	£000
Income taxes recognised in profit or loss		
Current tax:		
UK corporation tax on profit of the year	-	-
Adjustment in respect of prior period	(13)	16
	<u>(13)</u>	<u>16</u>
Total current tax	(13)	16
Deferred tax:		
Current year charge/(credit)	45	(39)
	<u>45</u>	<u>(39)</u>
Total deferred tax	45	(39)
	<u>32</u>	<u>(23)</u>
Total income tax expense/(credit) recognised in the current year	<u>32</u>	<u>(23)</u>
	2016	2015
	£000	£000
The income tax expense can be reconciled to the accounting profit as follows:		
Profit before tax	854	143
	<u>171</u>	<u>29</u>
Profit before tax multiplied by standard rate of corporation tax in the UK 20.00% (2015: 20.25%)	171	29
Effects of:		
Fixed asset temporary differences	12	-
Rate adjustment on deferred tax on opening balances	2	-
Group relief	(189)	(53)
Adjustments in respect of prior periods	(13)	16
Other temporary differences	49	(15)
	<u>32</u>	<u>(23)</u>
Total income tax expense/(credit) recognised in statement of comprehensive income	<u>32</u>	<u>(23)</u>

The reduction in the applicable tax rate is due to legislation included in the Finance Act 2013 to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The tax rate which has been substantively enacted as at 31 December 2016 is 17% in respect of periods from 1 April 2020 following legislation in the Finance Act 2015.

Perceptive Instruments Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

7 INTANGIBLE ASSETS

	Software £000
Cost	
At 1 January 2016	68
Additions from continuing operations	55
At 31 December 2016	123
Amortisation	
At 1 January 2016	1
Amortisation expense	9
At 31 December 2016	10
Net book value	
At 31 December 2016	113
At 31 December 2015	67

The gross carrying amount and accumulated amortisation within Software includes internally generated assets. The cost of internally generated software amounts to £123,000 (2015: £68,000) with accumulated amortisation of £10,000 (2015: £1,000).

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £000	Office equipment, fixture and fittings £000	Total £000
Cost			
At beginning of period	14	31	45
Additions	2	8	10
At end of period	16	39	55
Depreciation			
At beginning of period	14	25	39
Charge in the period	-	3	3
At end of period	14	28	42
Net book value			
At 31 December 2016	2	11	13
At 31 December 2015	-	6	6

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
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9 INVENTORIES

	2016 £000	2015 £000
Raw materials and consumables	27	14

10 TRADE AND OTHER RECEIVABLES

	2016 £000	2015 £000
Trade debtors	348	500
Amounts owed by group undertakings	1,793	1,137
Prepayments	4	5
	<u>2,145</u>	<u>1,642</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade receivables are stated after provisions for impairment of £nil (2015: £nil).

11 TRADE AND OTHER PAYABLES

	2016 £000	2015 £000
Trade creditors	29	24
Other taxation and social security costs	18	44
Accruals	50	63
Amounts owed to group undertakings	-	183
	<u>97</u>	<u>314</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12 SHARE CAPITAL

	2016 £000	2015 £000
<i>Allotted, called-up and fully paid:</i>		
57 (2015: 57) Ordinary shares of £1 each	-	-

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13 DEFERRED TAX

	2016	2015
	£000	£000
Deferred tax (liability)/asset		
Amounts due to be charged after 12 months	(6)	39

The following are the major deferred tax assets and liabilities recognised by the Company and the movements thereon during the year:

<i>Deferred tax (liability)/asset</i>	Other temporary differences £000
At 1 January 2016	39
Charge to profit or loss for the year	(45)
At 31 December 2016	(6)

14 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £25,000 (2015: £23,000). Contributions totalling £nil (2015: £nil) were payable to the fund at the balance sheet date.

15 OPERATING LEASES PAYABLE

At the reporting date, the Company has future aggregate minimum lease payments, which fall due as follows:	2016	2015
	£000	£000
Land and buildings		
Within one year	5	14
In the second to fifth year	-	20
	5	34

16 CONTINGENT LIABILITY

The assets of the Company are used as security for the borrowings of Instem Life Science Systems Limited, a fellow subsidiary of Instem plc.

Perceptive Instruments Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

17 ULTIMATE PARENT COMPANY

The ultimate and immediate parent company is Instem plc, a company incorporated and registered in the United Kingdom. This is both the smallest and largest group in which the Company's financial statements are consolidated.

Copies of the group financial statements may be obtained from:

Diamond Way
Stone Business Park
Stone
Staffordshire
ST15 0SD