

Perceptive Instruments Limited

REPORT AND FINANCIAL STATEMENTS

For the 18 month period ended 31 December 2014

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COMPANIES HOUSE

Company Registration No. 02498351

Perceptive Instruments Limited

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Perceptive Instruments Limited

DIRECTORS AND ADVISERS

DIRECTORS

C White (resigned 21 November 2013)
PJ Reason (appointed 21 November 2013)
DM Sherwin (appointed 21 November 2013)
NJ Goldsmith (appointed 21 November 2013)

SECRETARY

D Stretton (appointed 21 November 2013)

REGISTERED OFFICE

Diamond Way
Stone Business Park
Stone
Staffordshire
ST15 0SD

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

BANKER

Bank of Scotland plc
PO Box 1000
BX2 1LB

Perceptive Instruments Limited

DIRECTORS' REPORT

The directors submit their report and the company financial statements of Perceptive Instruments Limited for the eighteen month period ended 31 December 2014. The comparative period is for the year ended 30 June 2013. On 21 November 2013 the company was 100% acquired by Instem plc.

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 July 2013 or date of appointment if later:

C White (resigned 21 November 2013)
PJ Reason (appointed 21 November 2013)
DM Sherwin (appointed 21 November 2013)
NJ Goldsmith (appointed 21 November 2013)

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

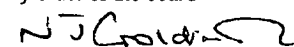
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have 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 (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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

29th October 2015

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 (United Kingdom Generally Accepted Accounting Practice).

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

We have audited the financial statements on pages 5 to 18. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As 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.

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the 18 month period ended 31 December 2014;
- 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.

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.

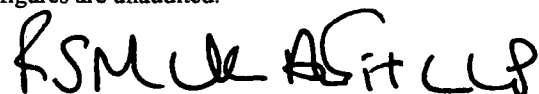
Matters on which we are required to report by exception

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

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

Other Matters

The company was exempt from audit in the year ended 31 December 2013 and consequently the corresponding figures are unaudited.



GRAHAM BOND FCA (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP)

Statutory auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

30/10/15

Perceptive Instruments Limited
PROFIT AND LOSS ACCOUNT
For the 18 months ended 31 December 2014

	Note	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000 (Restated see note 17)
TURNOVER – CONTINUING OPERATIONS	1	1,217	778
Administrative expenses		(896)	(430)
OPERATING PROFIT – CONTINUING OPERATIONS		321	348
Interest receivable		6	11
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	327	359
Taxation	5	-	(54)
PROFIT FOR THE FINANCIAL PERIOD		327	305

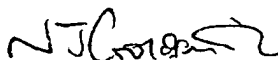
Perceptive Instruments Limited

BALANCE SHEET

At 31 December 2014

	Note	31 December 2014		30 June 2013 (Restated, see note 17)	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	7		2		123
			<u>2</u>		<u>123</u>
CURRENT ASSETS					
Stocks	8	21		18	
Debtors	9	1,195		79	
Cash at bank and in hand		229		896	
		<u>1,445</u>		<u>993</u>	
CREDITORS: Amounts falling due within one year	10	(163)		(244)	
NET CURRENT ASSETS			<u>1,282</u>		<u>749</u>
NET ASSETS			<u>1,284</u>		<u>872</u>
CAPITAL AND RESERVES					
Called up share capital	11	-		-	
Capital contribution reserve	12	85		-	
Profit and loss account	12	1,199		872	
SHAREHOLDER'S FUNDS			<u>1,284</u>		<u>872</u>

The financial statements on pages 5 to 18 were approved by the board of directors and authorised for issue on 29th October 2015 and are signed on its behalf by:



NJ Goldsmith
Director

Company Registration No. 02498351

Perceptive Instruments Limited
RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the 18 months ended 31 December 2014

	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000 (Restated, see note 17)
PROFIT FOR THE FINANCIAL PERIOD	327	305
Share options charge from parent company	85	-
Dividends	-	(74)
NET INCREASE IN SHAREHOLDER'S FUNDS	412	231
Opening shareholder's funds as previously stated	1,015	780
Prior period adjustment (see note 17)	(143)	(139)
OPENING SHAREHOLDER'S FUNDS AS RESTATED	872	641
CLOSING SHAREHOLDER'S FUNDS	1,284	872

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the 18 months ended 31 December 2014

	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000 (Restated, see note 17)
PROFIT FOR THE FINANCIAL PERIOD	327	305
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	327	305
Prior period adjustment (see note 17)	(143)	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	184	

Perceptive Instruments Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Instem plc the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The company has taken the exemption permitted by SI 2008/489 not to disclose auditor remuneration for non-audit services as this is included in the consolidated accounts of Instem plc.

GOING CONCERN

The company's business 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 2015 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.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost, net of depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold property	-	Straight line over 50 years
Leasehold improvements	-	Straight line over 5 years
Motor vehicles	-	25% reducing balance
Office equipment, fixtures and fittings	-	Straight line over 3-4 years

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Perceptive Instruments Limited

ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

LEASED ASSETS AND OBLIGATIONS

Leases that do not give rights approximating to ownership are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

SHARE-BASED PAYMENT TRANSACTIONS

The parent company issues options to purchase ordinary shares in the parent company to certain of the group's employees. Equity settled share based payments are measured at fair value at the date of grant. 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 company's estimate of shares that will eventually vest.

The fair value is measured by use of the Black Scholes option pricing model. 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.

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.

RETIREMENT BENEFITS

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs, and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Perceptive Instruments Limited

ACCOUNTING POLICIES

TURNOVER

The company follows the principles of FRS 5 'Reporting the Substance of Transactions', in determining appropriate turnover recognition. Turnover is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the company.

Turnover comprises the value of software licence sales, installation, training, maintenance and support services. Turnover 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 turnover 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 turnover is recognised over the full term of each contract.

Turnover from licence based products is recognised when the risks and rewards of ownership of the product are transferred to the customer. Turnover from software maintenance and other time based contracts is recognised over the invoiced contract period. Turnover 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 turnover is included in accruals and deferred income. If the amount of turnover recognised exceeds the amounts invoiced the excess amount is included within prepayments and accrued income.

STOCK

Stocks are valued at lower of cost and estimated net realisable value on an average cost basis, and with due allowance for any obsolete or slow moving items.

LEASED ASSETS AND OBLIGATIONS

Leases that do not give rights approximating to ownership are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

1 SEGMENTAL REPORT

	18 months ended December 2014		12 months ended June 2013	
	Turnover	Attributable pre-tax profit	Turnover	Attributable pre-tax profit
	£000	£000	£000	£000
			(Restated see note 17)	
Provision of software and services	1,217	327	778	359
<i>By geographical market</i>				
United Kingdom	259		155	
Rest of Europe	463		420	
USA and Canada	294		145	
Rest of World	201		58	
	<u>1,217</u>		<u>778</u>	

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year – owned assets	5	9
Foreign exchange loss / (gain)	2	(16)
Operating lease rentals:		
Land and buildings	14	14
Audit services		
Statutory audit of company	7	-
	<u> </u>	<u> </u>

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

3 EMPLOYEES

	18 months ended 31 December 2014 Number	Year ended 30 June 2013 Number
The average monthly number of persons (including directors) employed by the company during the period was:		
Directors and administration	4	1
Sales and business development	3	5
	<u>7</u>	<u>6</u>

Staff costs for the above persons:

	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000
Wages and salaries	404	230
Social security costs	32	30
Other pension costs	31	18
	<u>467</u>	<u>278</u>

4 DIRECTORS' REMUNERATION

	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000
Emoluments	<u>3</u>	<u>10</u>

There are no director's accruing pension benefits during the year (2013: £nil)

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

5 TAXATION

	18 months ended 31 December 2014		12 months ended 30 June 2013	
	£000	£000	£000	£000
			(Restated, see note 17)	
<i>Current tax:</i>				
UK corporation tax on profits of the period	28		54	
Adjustments in respect of previous periods	(28)		-	
Total current tax		-		54
<i>Deferred tax:</i>				
Origination and reversal of timing differences	-		-	
Total deferred tax		-		-
Tax charge on profit on ordinary activities		-		54
Factors affecting tax charge for period:			18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000
				(Restated, see note 17)
The tax assessed for the period is lower (2013: lower) than the main rate of corporation tax in the UK 22% (2013: 23.75%). The differences are explained below:				
Profit on ordinary activities before tax			327	359
Profit on ordinary activities multiplied by the main rate of corporation tax in the UK 22% (2013: 23.75%)				
<i>Effects of:</i>			72	85
Expenses not deductible for tax purposes			(3)	(31)
Group relief			(41)	-
Adjustments in respect of prior periods			(28)	-
Current tax charge for the period		-		54

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

6 DIVIDENDS

	18 months ended 31 December 2014 £000	12 months ended 30 June 2013 £000
Ordinary shares dividend £nil (2013: £1,298) per share	-	74

7 TANGIBLE FIXED ASSETS

	Freehold Property	Leasehold Improvements	Motor vehicles	Office equipment, fixture and fittings	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of period	122	14	34	23	193
Additions	-	-	-	1	1
Disposals	(122)	-	(34)	-	(156)
At end of period	-	14	-	24	38
Depreciation					
At beginning of period	17	14	20	19	70
Charge in the period	1	-	1	3	5
Disposals	(18)	-	(21)	-	(39)
At end of period	-	14	-	22	36
Net book value					
At 31 December 2014	-	-	-	2	2
At 30 June 2013	105	-	14	4	123

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

8 STOCKS

31	30
December	June
2014	2013
£000	£000

Raw materials and consumables

21	18
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9 DEBTORS

31	30
December	June
2014	2013
£000	£000

Due within one year:

Trade debtors

169	68
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Amounts owed by group undertakings

1,017	-
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Prepayments

9	11
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1,195	79
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10 CREDITORS: Amounts falling due within one year

31	30
December	June
2014	2013
£000	£000
	(Restated, see note 17)

Trade creditors

13	12
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Other taxation and social security costs

17	81
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Accruals and deferred income

126	151
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Amounts owed to group undertaking

7	-
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163	244
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Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

11 SHARE CAPITAL

	31	30
	December	June
	2014	2013
	£000	£000
<i>Allotted, called-up and fully paid:</i>		
57 (2013: 57) Ordinary shares of £1 each	-	-

12 RESERVES

	Capital Contribution Reserve £000	Profit and loss account £000 (Restated, see note 17)
At beginning of period	-	872
Profit for the period	-	327
Share option charge from parent company	85	-
At end of period	85	1,199

13 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 £31,000 (2013: £18,000). Contributions totalling £nil (2013: £nil) were payable to the fund at the balance sheet date.

14 COMMITMENTS UNDER OPERATING LEASES

At the period end the company had annual commitments under non-cancellable operating leases as follows:

	31	30
	December	June
	2014	2013
	£000	£000
Land and buildings:		
Expiring in two to five years	14	14

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

15 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.

16 SHARE BASED PAYMENT

The company's contribution to the Group's share based payment in the year was £85,000 (2013: £nil).

Following the year end on 11 February 2015 81,168 share options in Instem plc, the parent company, were granted to the companies employees with an exercise price of £0.10 each.

17 PRIOR PERIOD ADJUSTMENT

It has been identified that the prior period accounts which have previously been reported contained a material error. This error related to a material miscalculation of the turnover and deferred income

The deferred income was understated by £140,000 as at June 2012 and £143,000 as at 30 June 2013.

As a result of the error the comparative information for the year ended 30 June 2013 has been restated as follows:

PROFIT AND LOSS ACCOUNT	Turnover £000	Profit for the year £000
As previously reported	781	308
Prior period adjustment	(3)	(3)
As restated	778	305
 BALANCE SHEET	 Creditors: Amounts falling due within one year £000	 Profit and Loss Account £000
As previously reported	101	1,015
Prior period adjustment	143	(143)
As restated	244	872

Perceptive Instruments Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2014

18 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