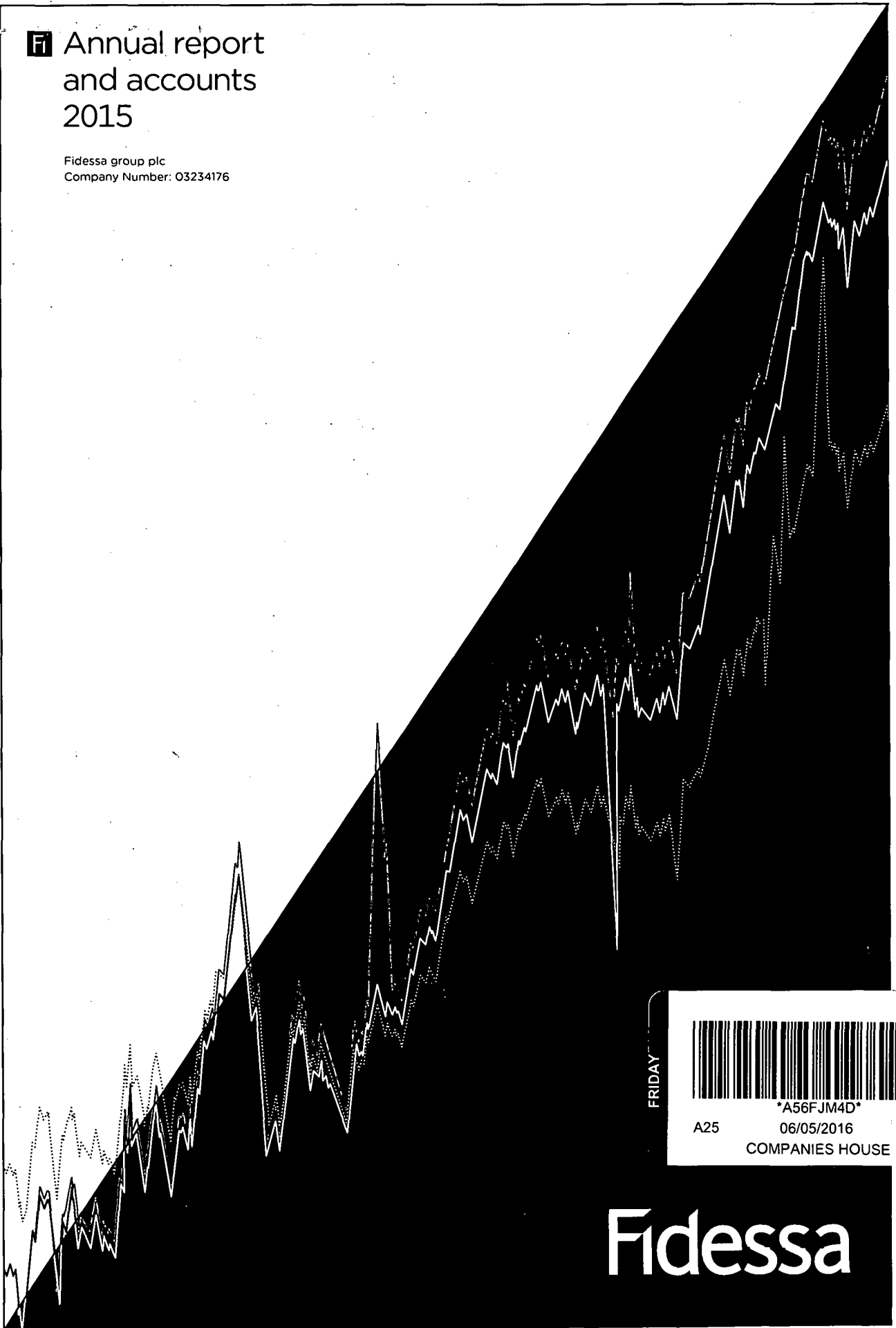
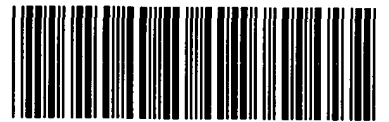


F Annual report and accounts 2015

Fidessa group plc
Company Number: 03234176



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Fidessa

About Fidessa Exceptional trading, investment and information solutions for the world's financial community.

New technology, new regulation, new challenges: making money in today's financial markets is all about staying ahead of the curve. Having the capability to spot new trends and act fast turns change into opportunity. That's why 85% of the world's premier financial institutions trust Fidessa to provide them with their multi-asset trading and investment infrastructure, their market data and analysis, and their decision making and workflow technology.

It's also why \$20 trillion worth of transactions flow across our global network each year. Because we're a market leader, we can also offer access to one of the world's largest and most valuable trading communities of buy-side and sell-side professionals, from global institutions and investment banks to boutique brokers and niche hedge funds.

Fidessa is a global business with scale, resilience, ambition and expertise. We've delivered around 25% compound growth since our stock market listing in 1997 and we're recognised as a thought leader in our space. We set the benchmark with our unrivalled set of mission-critical products and services and, uniquely, serve both the buy-side and sell-side communities. Ongoing investment in our leading-edge, integrated solutions ensures Fidessa remains the industry's number one choice.

Fidessa group is listed on the London Stock Exchange (symbol FDSA) and is a FTSE 250 company.

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Strategic report

Results at a glance

Highlights for the year ended 31st December 2015

- Solid revenue growth despite volatile conditions in financial markets.
- Fidessa's end markets continue to improve with increasing opportunity for new services.
- Strong growth in multi-asset revenue as derivatives programme continues.
- Strengthening pipeline across the business.
- Recurring revenue increased 7% to £252.5 million (85% of total revenue).
- 61% of total revenue accounted for outside of Europe.
- Strong cash generation, with £78.3 million cash balance after dividend payments of £31.7 million.
- Final and special dividends declared, bringing the total 2015 pay out to 83.5p per share.

	2015	2014	Change
Revenue ¹	£295.5m	£275.0m	+7%
Adjusted operating profit ²	£39.5m	£39.5m	+0%
Operating profit	£38.8m	£38.8m	+0%
Adjusted pre-tax profit ²	£39.8m	£39.8m	+0%
Pre-tax profit	£39.1m	£39.1m	+0%
Adjusted diluted earnings per share ²	78.0p	77.3p	+1%
Diluted earnings per share	76.5p	75.8p	+1%
Final dividend per share	25.4p	25.0p	+2%
Special dividend per share	45.0p	45.0p	0%
Cash	£78.3m	£76.8m	+2%

¹ On a constant currency basis, revenue growth for the year was 4%.

² Adjusted to remove the effect of acquired intangibles amortisation. The directors believe the adjusted measures provide a better long-term indication of the relative performance of the business period to period.

Strategic report continued

We still expect that the themes we have seen in 2015 will continue, with more opportunities opening up as our customers position their businesses for the future.

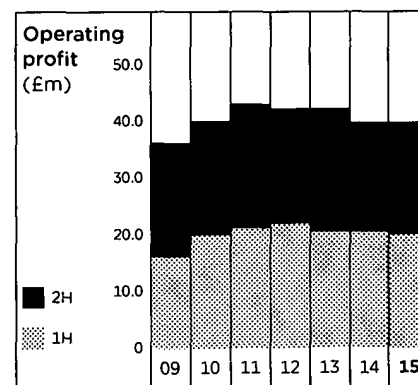
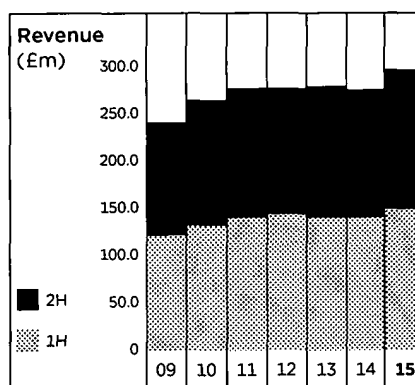
Overview

During 2015, while financial markets remained volatile, we saw a continued improvement in our end markets as they entered a new phase of the recovery, with structural and regulatory changes starting to have an impact. These improvements have resulted in new opportunities and high levels of new business activity, enabling us to deliver solid revenue growth in 2015 and building on that achieved in 2014. As anticipated in the 2014 preliminary results announcement, the increased investment pipeline resulting from the new opportunities has had a small impact on the operating margin. During 2015 the restructuring within our customer base meant that we saw some further closures and consolidations, however the headwind resulting from these during 2015 remained within expectations.

As we move into 2016 the recent movements in the financial markets clearly demonstrate the challenging environment in which our customers are still operating. Despite this, we still expect that the themes we have seen in 2015 will continue, with more opportunities opening up as our customers position their businesses for the future. Whilst further delays in

the introduction of some of the proposed regulatory changes have recently been announced, we do not believe this will have a significant impact on the opportunities that we see and believe that the investments we have made during the downturn leave us well positioned to benefit from these opportunities. The closures and consolidations we have seen within our customer base during 2015 mean that we are anticipating a higher level of headwind in 2016, and while we expect to see some further closures and consolidations during 2016, we believe this will reduce as markets stabilise. Despite the increased headwind, we still expect 2016 constant currency growth to be at a similar level to that which we have seen in 2015 with good single-digit growth in our core equities business and continued double-digit growth in recurring derivatives revenues.

For many years we have had the objective of providing strong returns for shareholders through both capital growth and dividend returns and this continues to be a core part of our strategy. For 2015 we are pleased to confirm both final and special dividends, bringing the total 2015 dividend pay out to 83.5p per share. Furthermore, we do not believe that



In 2015 Fidessa achieved revenue of £295.5 million which represents growth on a reported basis of 7%.

our current investment programme, including any potential investment in a new fixed income platform, is likely to have a material impact on our ability to pay further special dividends in the future.

Looking further ahead, we believe that we are entering a period where opportunity is returning to the markets. We expect that we will make further strong progress with our multi-asset initiative and believe we are on track to achieve profitability within our derivatives business within the next three years. We will continue to look at the possibility of extending our asset class coverage further, and will update the market as progress is made. We believe that across all asset classes, the market is moving towards service-based offerings and believe that there are increasingly few vendors capable of meeting our customers' business requirements whilst also having the scale and infrastructure necessary to handle the latest compliance demands being made by the regulators. We are committed to playing an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance, and expect that as

markets stabilise this will provide us with significant opportunities for further growth.

Finance review

In 2015 Fidessa achieved revenue of £295.5 million which represents growth on a reported basis of 7% (2014: £275.0 million) and compares with a reduction of 1% in 2014. On a constant currency basis, revenue growth of 4% compares with 3% in 2014. Recurring revenue of £252.5 million (85% of total revenue) grew 7% in the year (2014: £235.0 million and 85% of total revenue). Sell-side equities grew 4% during the year and buy-side declined 3%. The sell-side derivatives business accounted for £36.0 million or 12% of total revenue in the year, up from 8% of total revenue in 2014. The ongoing revenue for the derivatives business was £20.4 million or 8% of recurring revenue in the year, up from 7% of recurring revenue in 2014.

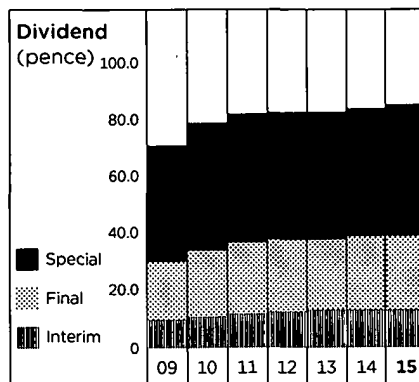
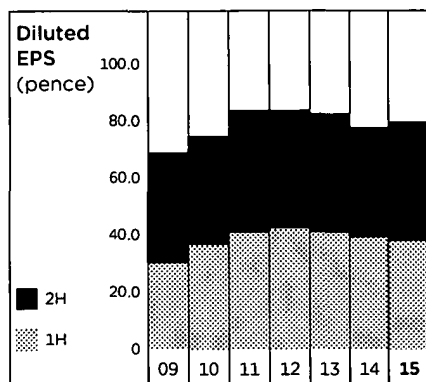
The negative impact from consolidation, restructuring and closures across the customer base was a reduction in revenue of 2% in 2015, which compares to a reduction of 3% in 2014 and a peak of 8%. The closure of the Jefferies Group's Bache futures unit and the

Standard Chartered global equities business during 2015 will result in an increased impact from consolidation, restructuring and closures on revenue in 2016.

On a regional basis, 61% of total revenue was accounted for outside of Europe. The Americas grew 12% on a reported basis (6% on a constant currency basis) and was the largest region accounting for 42% of total revenue. Asia grew 16% on a reported basis (12% on a constant currency basis) and accounted for 19% of total revenue. Europe decreased 1% and accounted for 39% of total revenue.

The deferred revenue in the balance sheet at the end of the year was £54.6 million (2014: £50.0 million) and represented 19% of annualised revenue. Consistent with previous years, the accrued revenue balance was minimal.

During 2015 we have seen a continued improvement in our end markets as they enter a new phase of the recovery, with structural and regulatory changes starting to have an impact. These improvements have resulted in new opportunities and high levels of new business activity.



Strategic report continued

83.5p

**total dividend
for the year.**

This is the primary driver of the increase in total operating expenses for the year which grew 9% to £257.1 million (2014: £236.5 million). Of this increase, £12.0 million relates to an increase in total staff costs and £4.4 million to an increase in communications and data costs.

The number of employees at the end of the year was 1,757, an increase of 5% compared to 1,670 at the end of 2014. The development expenditure capitalised of £30.3 million increased £2.7 million or 10% during the year (2014: £27.6 million) and reflected the 10% growth during the year in core development and research headcount. Net capitalisation of development expenditure increased to £2.5 million in the period (2014: £1.4 million).

The adjusted operating profit of £39.5 million is in line with the prior year, being an operating margin of 13.4% (2014: 14.4%). As anticipated at the start of the year, the additional investment has had a small impact on the operating margin. Adjusted operating profit has been measured before the amortisation of acquired intangibles. Unadjusted operating profit of £38.8 million is unchanged from the prior year.

The underlying effective tax rate for the year of 24.5% has reduced one percentage point from the prior year and primarily reflects changes in the headline corporation tax rates in the UK and Japan.

Diluted earnings per share, adjusted to exclude the amortisation of acquired intangibles, have increased by 1% to 78.0 pence (2014: 77.3 pence). The directors believe the adjusted measure of earnings per share provides a better long-term

indication of the relative performance of the business period to period. The unadjusted diluted earnings per share were 76.5 pence (2014: 75.8 pence).

During 2015, sterling was 7% weaker against the US dollar and currencies pegged to the US dollar and 6% stronger against the Japanese yen. As a result, the constant currency revenue growth rate of 4% was lower than the 7% reported growth rate.

Fidessa continued to be strongly cash generative, closing the period with a cash balance of £78.3 million and no debt (2014: £76.8 million). During the year dividends of £31.7 million (2014: £31.2 million) were paid. The net cash generated from operating activities increased by 6% to £75.5 million (2014: £71.1 million). The ordinary dividend for the year has increased 1% to 38.5 pence (2014: 38.1 pence). The final dividend, if approved by shareholders, will be 25.4 pence and payable on 10th June 2016 to shareholders on the register on 13th May 2016, with an ex-dividend date of 12th May 2016. In addition, a special dividend of 45.0 pence (2014: 45.0 pence) is proposed and, if approved by shareholders, will be paid at the same time as the final dividend.

Business model and strategy

Fidessa's vision is to make it easier for financial services firms to buy, sell and own financial assets of all types on a global basis. Its mission is to deliver solutions that use technology to automate workflow and 'take cost out of the system', and so make customers' business processes easier, quicker and cheaper.

Fidessa's multi-asset trading, investment and information solutions cover the complete lifecycle from investment decision through to actual

trading in the marketplace and are provided to both the buy-side and sell-side communities. Traditionally the solutions were delivered on a highly configured, enterprise basis, but in recent years the predominant delivery mechanism has been as a managed service through Fidessa's own global connectivity network and data centres.

Fidessa's buy-side solutions operate across all asset classes, whereas its sell-side solutions have historically focused on cash equities. In recent years Fidessa has expanded its sell-side suite to cover listed derivatives as well. Long-term commitments are required for each asset class in order to build functionally rich offerings that are effective in all regions.

Fidessa maintains ownership of its product and service architecture and is committed to internal development to obtain tight integration throughout its solutions. As a result of this approach, growth has been predominantly organic and there have been only a very small number of acquisitions. Providing tailored products and services to a broad range of customers on both the buy-side and sell-side means Fidessa has a unique understanding of the complete marketplace.

Fidessa charges for its solutions primarily on a rental and subscription basis which is reflected in the high level of recurring revenue reported each period. This gives increased stability to the business and allows Fidessa to commit to the long-term development of its products and services.

Fidessa has consistently been profitable and generated cash, and with the very small number of acquisitions has built a healthy cash balance. The annual dividend has a pay-out ratio of approximately 45% which provides a reasonable return to shareholders whilst also providing funds for potential acquisitions and replenishing the cash balance. In the absence of acquisitions, Fidessa has a track record of returning additional cash to shareholders in the form of special dividends.

Market review

Introduction

During 2015 the financial markets started to enter a new phase of the recovery and this has been characterised by a switch away from purely cost focused strategies within Fidessa's customer base. This change in focus has centred on three specific drivers:

- Differentiation, where firms are looking to focus their offerings to deliver unique benefits to their customers in order to secure competitive position.
- Cost efficiency, where firms are increasingly looking at outsourcing and service-based platforms as well as making broader use of their technology in order to reduce the total cost of ownership.
- Compliance, where firms are looking for ways to meet their increasingly complex regulatory and information security requirements in the most cost efficient manner possible.

Throughout the financial crisis Fidessa has invested to extend the range of asset classes it supports, expand its

regional coverage and build out its global infrastructure. These investments have positioned Fidessa well in helping its customers to address the cost of non-differentiating activities through a robust, multi-asset, service-based delivery platform. During 2015 these programmes have been further extended with new applications to enhance the level of differentiating functionality customers can achieve with Fidessa whilst also broadening Fidessa's compliance offerings. These enhancements have principally been focused in the areas of trade optimisation and measurement, alongside a new partnership programme enabling carefully selected third parties to leverage Fidessa's infrastructure and bring innovative applications to the Fidessa community. Further initiatives address compliance, for both monitoring and reporting as well as information security at all levels across both buy-side and sell-side. Fidessa has also put in place initiatives to enable its customers to extend their use of Fidessa more widely across their organisations, automating more business processes and helping them to further improve efficiency. These investments, across both buy-side and sell-side, will help secure Fidessa's central position within the financial markets over the longer term and provide a strong base for further growth.

Fidessa's connectivity network has maintained its central position within the market with flow of around \$1.7 trillion per month. However, the continued pressure on headcount within the finance industry has seen the total number of users drop slightly to around 23,000.

Strategic report continued

Across its sell-side business Fidessa has seen increasing opportunity as customers react to the changing environment.

Sell-side trading

Across its sell-side business Fidessa has seen increasing opportunity as customers react to the changing environment. Whilst both the volatility and the changes within the markets are putting Fidessa's customers under pressure, Fidessa believes the overall impact of the changes creates an opportunity as firms seek a partner who can provide the complex trading infrastructure they need, as a cost effective service. This enables them to deal with the upcoming regulatory challenges and focus on the unique elements of their business model whilst keeping a tight control on costs. This effect has already been a key driver in the establishment of Fidessa's derivatives platform and is now also noticeable within Fidessa's existing equity business. Within this business there has been a marked increase in interest for larger service-based equity platforms and this has led to new deals for large equity platforms being signed across Europe, the Americas and Asia during 2015.

Within the regions, growth has been particularly strong across Asia, driven by a more dynamic market and interest from super-regional brokers looking to provide services across the region rather than on specific markets. In particular, Fidessa has continued to make progress within the ASEAN region with the expansion of its office in Singapore and deliveries to large regional brokers such as Maybank Kim Eng and RHB Investment Bank. These deliveries have demonstrated the ability of Fidessa's expanded coverage and infrastructure to support the risk checks and local compliance rules

required in this region, which currently has some of the most stringent regulations anywhere in the world. Progress in Asia has also continued in the mature Asian markets with a number of new deals signed in Japan, including for a large service-based equity platform. This has further strengthened Fidessa's position in Japan with six of the top eight domestic brokers now using Fidessa for agency trading, as well as many of the country's mid-tier brokers. Fidessa has also signed additional deals with Chinese brokers operating out of Hong Kong, further strengthening its position in this segment.

Whilst Asia has seen the strongest growth, Fidessa has also seen good growth across the Americas. There has been further expansion in Latin America, particularly with opportunities in Mexico and Chile, but there has also been good growth across North America. In this region Fidessa has been able to expand its relationship with existing customers as well as win new customers. Moving into 2016 Fidessa is seeing a more forward looking approach developing within its North American customer base and this is expected to lead to continued opportunity within this region.

During 2015, Fidessa announced its new low touch, low-latency Direct Market Access (DMA) platform which provides brokers with high-performance, scalable and consistent access to global equities and derivatives markets. The platform insulates customers from the ever-changing global trading landscape, allowing them to focus on innovation

in their own business. This type of platform is fast becoming a commodity that firms have to be able to offer, with their customers expecting them to “own their execution” so they are in full control of the execution service they offer. Besides low-latency market access, the service also includes frameworks around smart order routing, internalisation, algorithmic trading and risk management. This platform is an ideal area for Fidessa, utilising its core strengths of ability to handle global scale combined with strong technical performance alongside proven delivery. As a result, this is a particularly exciting area for Fidessa and one in which the pipeline is developing rapidly.

Across all regions the overall theme of a market in transition is strongly in evidence with more focus around service differentiation and execution quality. With this background Fidessa has continued to expand its equity offering with the development of tools for optimised trading, including the Order Performance Monitor and Fidessa Prospector tools. These tools shift the whole process of monitoring and achieving best execution from a post-trade activity into real-time, exception based monitoring. This is something which traditional transaction cost analysis (TCA) tools cannot do as they are not integrated into the real-time workflow.

To further assist customers to differentiate, Fidessa has also established a new partnership programme. This programme enables carefully selected third parties to integrate their innovative applications within the Fidessa environment, while

Fidessa maintains control over the client experience both technically and commercially. In this way Fidessa is able to offer a route for innovative companies to access the Fidessa community and to meet the complex compliance and information security requirements mandated by regulators. For Fidessa's customers they are able to benefit from an even greater diversity of applications within their Fidessa platform helping them to differentiate their business. The first partner for this programme went live during 2015.

Fidessa has continued to make good progress with its derivatives platform delivering strong growth within this segment. New derivatives platform deals announced during 2015 included a global platform for the Royal Bank of Scotland and a new platform for CIMB in Asia. These firms joined Barclays in rolling out the derivatives platform during 2015. Across the market Fidessa is seeing growing demand for platforms to support exchange based derivatives trading and Fidessa is also broadening into further segments of this market by providing platforms for Commodity Trading Firms (CTFs). Fidessa has continued its investment in the derivatives platform, with extensions into the middle office and further extension into hedge management is planned for 2016. Fidessa has continued to receive accolades for its innovative derivatives platform, winning Futures and Options World's (FOW) sell-side trading system of the year for both their International awards and also their Asia awards, both wins for the third time in a row. Citi, a Fidessa

customer for the derivatives trading platform, was also named 'Best Bank of the Year' at the same FOW awards. The level of investment Fidessa is making in the derivatives platform is now starting to normalise as it achieves scale, and Fidessa's derivatives business is currently on track to achieve profitability within three years. In addition to being a valuable business in its own right, the derivatives business also provides Fidessa with a natural entry point into further asset classes within the sell-side.

With the changing market conditions, Fidessa has been investigating the potential of further extensions to the asset classes it supports and during 2015 has been looking specifically at the rates segment of the fixed income market. This research is continuing, with the delays to MiFID II allowing some additional flexibility in the approaches that can be taken. Fidessa expects to continue its investigation into this area during 2016.

Buy-side trading

Whilst 2015 saw a gradual improvement in market conditions, sentiment within the buy-side remained relatively muted. Fidessa saw a slightly higher headwind from consolidation, restructuring and closures within the buy-side than was seen within the sell-side and there were also some instances where mid-tier buy-side firms looked to outsource their operations to larger buy-side firms. Whilst these factors resulted in a 3% drop in buy-side revenues during 2015, Fidessa expects that they will reduce during 2016 resulting in an improved performance. During 2015 Fidessa

Strategic report continued

has maintained its buy-side investment, focusing this into specific areas to address particular challenges seen within the industry.

Compliance has always been a key area within the buy-side workflow, and the increasing regulatory focus on buy-side firms means this is becoming an ever-stronger theme. Fidessa's Sentinel portfolio compliance solution is already established as a leading product in helping buy-side firms ensure that they are managing their portfolios correctly against their strict mandates. Recent enhancements include a new Analytic Builder which empowers business users to directly introduce new data and calculations, and an Auditing Workbench which provides internal and external auditing tools. These additions have helped win new customers for both enterprise and service-based solutions in 2015, and were also recognised by the industry when Sentinel won best buy-side compliance solution at the Compliance Register Platinum Awards, and best compliance product at the Buy-side Technology Awards.

During 2015, Fidessa also delivered against a significant compliance development agreement with a tier-one investment firm. This agreement has seen Sentinel extended into the 'trading compliance' space to address the evolving needs of asset managers who are increasingly focused on trading control and operational risk, driven by the cost of unwinding trading errors and the reputational damage caused by adverse publicity associated with poor trading practices. Sentinel Trading

Compliance operates at a transaction level, rather than a portfolio level, and can monitor regulations, tax rules and client instructions as trading activity occurs. It also provides a uniform, single, centralised control framework that imposes a consistent approach, regardless of the system being used or the region or asset class involved.

The roll-out of the latest version of Fidessa's Investment Management System continued over the year, with the majority of clients now either upgraded or actively engaged in the process. This version incorporates a range of new tools operating across all stages of workflow, from intelligent modelling to smart order routing and maintains Fidessa's strong position in the centre of the buy-side workflow for larger firms.

With its significant coverage of the post-trade affirmation process on both the buy-side and sell-side, Fidessa is uniquely positioned to drive forward the adoption of new open standards within the industry. In the same way that the FIX standard has transformed the order routing process, Fidessa's Affirmation Management Service (AMS) is looking to do the same in the post-trade space. AMS was launched into production in the second half of 2015 and is already processing thousands of transactions between a number of firms across North America, Europe and Asia. This level of activity is expected to build as more firms use the system to process their post-trade affirmations and as adoption within the buy-side community expands.

The AMS service was also recognised as the best new post-trade solution for buy-side firms at the FTF News

Technology Innovation Awards. The service currently supports global equity and fixed income instruments, with further asset classes planned for 2016.

Regulation

The regulatory environment around the world remains complex, with significant amounts of detailed regulation still under discussion and subject to change. However, despite the delays there is an increasing consensus across the markets about the areas that will be affected and the changes that firms will have to make to accommodate them. As this is happening, Fidessa is working closely with its customers to develop a comprehensive programme which will support the new rules and help them maintain their compliance across all regions.

In Europe, despite a level of uncertainty around the rules and the European Commission's proposal for a further one year delay to the MiFID II timeline, Fidessa is seeing market participants press on with their MiFID programmes. Firms have already started to understand the extent of the changes that are likely to be required and are taking advantage of the delay to progress some of these areas. From what Fidessa understands so far, it is clear that MiFID II will have widespread implications for many market participants. Emphasis is being placed across firms on having risk checks at a number of different levels within their workflow along with new requirements around algorithmic trading and algo identification. In addition, across the board, information security is becoming an increasing focus and the EU Network

Fidessa remains committed to playing an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance.

and Information Security (NIS) Directive, which aims at improving national cyber security capabilities, reached political agreement in December 2015. It is clear that firms will remain under increasing pressure to have tighter integration of all their electronic flow for risk and compliance, and to ensure that workflow across all the regulated asset classes is well managed. Despite the delays, liquidity venues are starting to share their upgrade plans for MiFID II, requiring changes from all the firms that connect to them.

In the US, additional compliance continues to be focused mainly around new reporting and functionality requirements associated with the Tick Size Pilot along with initial preparations for the Consolidated Audit Trail (CAT) NMS plan. The Tick Size Pilot, created as a result of the Jumpstart Our Business Startups Act ("JOBS Act"), is a programme aimed at improving liquidity in smaller quoted companies. At the end of 2015 a proposal to move forward with Regulation Automated Trading (RegAT) was unanimously approved by the Commodity Futures Trading Commission (CFTC). Once finalised, RegAT seeks to create a more defined risk and trading regime for all futures contracts traded algorithmically on exchanges in the US.

The Asia Pacific region saw a surge of regulatory scrutiny in 2015, especially around pre-trade risk checks in relation to electronic trading. This is forcing many sell-sides and buy-sides to re-evaluate their existing workflows

and risk management, pushing for a more integrated trading infrastructure with centralised risk view and kill-switch functions.

Throughout all regions the increasing focus on regulatory scrutiny and management of risk will put significant pressure on in-house developments, as well as raising the bar for all firms looking to provide solutions to the markets. As this happens, Fidessa expects to benefit as firms look to move away from their in-house developments and identify Fidessa as one of the increasingly few vendors with the scale and infrastructure necessary to handle these compliance demands.

Outlook

Looking into 2016, Fidessa believes the recent movements in the financial markets clearly demonstrate the challenging environment in which its customers are still operating. Despite this, Fidessa still expects that the themes it has seen in 2015 will continue, with more opportunities opening up as its customers position their businesses for the future. Whilst further delays in the introduction of some of the proposed regulatory changes have recently been announced, Fidessa does not believe this will have a significant impact on the opportunities that it sees and believes that the investments it has made during the downturn leaves it well positioned to benefit from these opportunities. The closures and consolidations Fidessa has seen within its customer base during 2015 mean that it is anticipating a higher level of headwind in 2016, and while it expects to see some further closures and consolidations during 2016, Fidessa believes this will reduce as markets

stabilise. Despite the increased headwind, Fidessa still expects 2016 constant currency growth to be at a similar level to that which it has seen in 2015 with good single-digit growth in its core equities business and continued double-digit growth in recurring derivatives revenues.

Looking further ahead, Fidessa believes that it is entering a period where opportunity is returning to the markets. Fidessa expects that it will make further strong progress with its multi-asset initiative and believes it is on track to achieve profitability within its derivatives business within the next three years. Fidessa will continue to look at the possibility of extending its asset class coverage further, and will update the market as progress is made. Fidessa believes that across all asset classes, the market is moving towards service-based offerings and believes that there are increasingly few vendors capable of meeting its customers' business requirements whilst also having the scale and infrastructure necessary to handle the latest compliance demands being made by the regulators. Fidessa remains committed to playing an increasingly important role in the markets as customers focus on efficiency, transparency, compliance and performance, and expects that as markets stabilise this will provide it with significant opportunities for further growth.

Strategic report continued

Risk factors and uncertainties

There are a number of potential risk factors that could have a material adverse effect on Fidessa's operations, its financial results or the value and liquidity of its securities. During the year the Board carried out a robust assessment of the principal risks facing Fidessa, including those that threaten its business model, future performance, solvency or liquidity, and the table below identifies the known principal risk factors; the table is not intended to be exhaustive. There has been no overall material change to Fidessa's risk profile from previous years. There may also be risks that are not currently considered to be serious or which are currently unknown. Where reasonably possible, Fidessa has taken steps to manage or mitigate the risks or potential risks but it cannot entirely safeguard against all of them. Additionally, and where feasible, Fidessa has purchased reasonable levels of insurance, including cyber liability cover, to mitigate against the financial exposure arising from known or potential risk.

The Board considers its risk assessment processes to be compliant with the current governance requirements. Further details of its internal control and risk management systems are set out in the Audit Committee's Report.

Risk factor	Risk impact and mitigation
Economic conditions and competitors: <ul style="list-style-type: none"> • Instability of the financial system, market disruptions or suspensions • A material downturn in financial markets or economic recession • The insolvency, closure, consolidation or rationalisation of parts of its customer base • Competitors' actions leading to loss of customers 	<p>Impact: adverse economic conditions or the activities of competitors could harm Fidessa's revenue, profit, growth and cash flow over a sustained period.</p> <p>Mitigation: Fidessa's business model generates a high level of recurring revenue which lessens the immediate effect of downturns in end markets or competitor actions. In addition, Fidessa is a global business which provides resilience against regional recession.</p> <p>Fidessa's service line structure together with dialogue with customers, research and marketing activities help provide focus to maintain a competitive advantage.</p>
Service: <ul style="list-style-type: none"> • Inability to access an office or data centre facility • Delay to or failure of an implementation of Fidessa software or service • Lack of access to the Fidessa services or failure of data transmission from Fidessa data centres • Saturation of network or infrastructure capacity • Software error or external interference for individual or multiple customers causing trading errors or preventing customers from trading • Fidessa products or services cause customers to breach regulations • Test trades entering a live market 	<p>Impact: a failure in the delivery of an aspect of service or a software error could immediately and materially damage Fidessa's revenue, profit, growth and reputation.</p> <p>Mitigation: through established controls and procedures, including a rigorous test process, Fidessa aims to prevent many of these risks materialising. In addition, the service environment is monitored using tools and processes so that issues arising can be detected and reacted to at an early stage. In designing and managing facilities, the resilience and capacity are of high importance so that continuity of service is expected. Fidessa's regulatory teams monitor applicable requirements and advise on how they are to be reflected in the software and services.</p>

Risk factor	Risk impact and mitigation
Security and data: <ul style="list-style-type: none"> • Unauthorised access to and/or breach of systems, network or premises • Loss, corruption or misuse of customer or Fidessa data 	<p>Impact: a security, cyber security or customer data breach may immediately and materially affect Fidessa's reputation with possible implications for revenue and growth over the short- to medium-term. Such a breach may also cause financial loss, for example as a result of contractual claims or regulatory penalties.</p> <p>Mitigation: Fidessa has robust cyber and physical security policies and procedures, managed by dedicated cyber security staff; these provide a substantial level of protection. Fidessa limits access to systems, office and data centre areas to appropriate personnel. Penetration testing is undertaken to monitor the effectiveness of security and cyber security and identify areas for improvement. Separation between the corporate network and the customer environment further reduces security risk.</p>
Legal: <ul style="list-style-type: none"> • Contractual risk • Claims for infringement of a third party's intellectual property • Infringement of Fidessa's intellectual property 	<p>Impact: an injunction against Fidessa in connection with a breach of a third party's intellectual property right could prevent Fidessa from delivering its full portfolio of products and services whilst contesting that injunction. Other legal actions brought by or against Fidessa may have an impact on profit and cash balances.</p> <p>Mitigation: Fidessa maintains a rigorous process for approving contractual terms and deliverables to control the level of risk that is accepted. Fidessa controls its product development processes to focus on its own innovation and intellectual property and seeks to protect its own inventions through the development of a patent portfolio.</p>
Employees: <ul style="list-style-type: none"> • Loss of key employees • Skills shortage 	<p>Impact: the loss of key employees or a skills shortage may have an effect on Fidessa's ability to implement its strategies and business plans over the short- to medium-term.</p> <p>Mitigation: Fidessa recognises that it is important to provide a stimulating environment in which to work, and provide the development and training to create successful careers whilst also rewarding fairly and competitively.</p>

Strategic report continued

Risk factor	Risk impact and mitigation
Financial: <ul style="list-style-type: none"> • Foreign exchange fluctuations on transactions or balances that are denominated in a foreign currency • Collapse of financial institutions holding Fidessa's cash deposits • Impairment of goodwill arising from acquisitions 	<p>Impact: the occurrence of some of the financial risks highlighted may weaken cash balances, revenue and profit over the short-term.</p> <p>Mitigation: Fidessa has an established treasury policy that limits the level of single counterparty risk and foreign exchange hedging is not necessary as a significant level of natural hedge exists.</p>
Bribery, corruption and fraud: <ul style="list-style-type: none"> • Anti-bribery policies are not followed • Bribery and corruption are endemic in certain jurisdictions • Fraudulent activities or theft by employees • Collusion between employees and customers/suppliers 	<p>Impact: instances of bribery, corruption or fraud may damage Fidessa's reputation, weaken revenue if customers cancel or do not renew their contracts and result in financial loss.</p> <p>Mitigation: Fidessa has an established set of anti-bribery policies and an established training programme.</p> <p>Fidessa has security processes, including access controls, in place for key business areas. Access to bank accounts is controlled and monitored centrally. Additionally, internal audit reviews are undertaken on key control areas.</p>
Regulation: <ul style="list-style-type: none"> • Changes in regulations in financial markets affecting the software and services that Fidessa provides • Health and safety and environmental regulation affecting Fidessa's operations 	<p>Impact: failure to comply with changes in regulations that concern Fidessa's software, services or operations may have an impact on Fidessa's reputation, revenue and cash balances over the short- to medium-term.</p> <p>Mitigation: Being a workflow provider, changes in financial market regulation are normally beneficial for Fidessa's business. It has a team of specialists who monitor regulatory developments and how they need to be reflected in the products and services offered.</p> <p>Fidessa maintains awareness of applicable laws that are likely to affect its operations whilst developing procedures and providing training that are designed to ensure compliance. Advice is obtained from external experts as necessary.</p>

Employees, employee involvement and equal opportunities

Fidessa is a service provider with its employees as key stakeholders in the business. It therefore aims to maintain an attractive place to work, where employees can develop successful and rewarding careers for themselves. It offers customised training programmes and career development opportunities for employees.

Effective communication and openness with employees are vital and Fidessa's internal communications policy promotes the understanding and involvement of all employees in its business aims and performance. Fidessa has a relatively flat management structure and is committed to and encourages regular face-to-face communications. The policy of providing employees with information about new products and services, operations and the performance and development of the overall business has continued through the intranet site, product seminars and interactive Group-wide meetings at which progress updates are given by senior management.

Fidessa encourages employees to own shares in the Company through their participation in the Share Incentive Plan (SIP) and the Monthly Share Purchase Share (MSPP). As at 31st December 2015 92% of employees are eligible to participate in the SIP and/or MSPP. Further details of the SIP and MSPP can be found in note 19 to the consolidated financial statements.

Fidessa is committed to continuing to be a diverse and inclusive place to work and its employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate the very best employees regardless of colour, nationality, sex, marital status, sexual orientation, age, religion, disability or any other characteristic protected by law. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. Wherever possible the employment of employees who become disabled will be continued and appropriate training and career development will be offered.

Achieving gender diversity in certain sectors, including the software and technology sector, continues to present challenges when considering the profile of the available talent pool in those sectors. Fidessa has active female involvement at director, senior management and other management levels.

	Male	Female
Directors	7	1
Other senior managers	13	2
All employees	1,379	378

Fidessa has policies designed to ensure that it operates in a legal and ethical manner. These include policies relating to health and safety, whistleblowing, anti-corruption, grievance, maternity, paternity, adoption and parental leave, flexible working, learning and career development, cyber and physical

security and IT. Fidessa reviews its policies on a regular basis, testing them for effectiveness.

The health and safety of employees, customers and visitors is of primary importance. Fidessa is committed to maintaining a safe and healthy working environment by managing its activities so as to avoid unnecessary or unacceptable risks. Health and safety audits and risk assessments are carried out regularly. Appropriate information, training and supervision are provided in support of this policy.

Corporate social responsibility and human rights

Fidessa recognises the importance of meeting globally recognised corporate responsibility standards as illustrated by it continuing to be a constituent company in the FTSE4Good Index Series.

The Board believes that Fidessa has a positive social impact through the employment it creates, the payment of local corporate, employment and sales taxes, its participation in activities with local communities and its regular support of a number of fundraising activities for employee nominated charities. Employees are encouraged to follow good principles of social behaviour, which are reflected in Fidessa's internally published corporate social responsibility policy. Fidessa believes that engagement with local communities helps support the principles set out in its social and ethics policy.

Fidessa is committed to respecting the human rights of individuals in the UK and internationally. Fidessa recognises that it has an opportunity to ensure that human rights are

Strategic report continued

understood and observed in the areas that it operates and it supports the principles set out in the following international standards:

- UN Declaration of Human Rights;
- UN Guiding Principles on Business and Human Rights; and
- Core Conventions of the International Labour Organization.

Additionally, Fidessa believes that its policies relating to equality, equal opportunities and anti-corruption also help avoid causing or contributing to negative human rights impacts.

Environmental matters

It is important to Fidessa's employees, customers and suppliers that it acts in an environmentally responsible manner and that Fidessa has endeavoured to manage the effect that it has on the environment and to support sustainability. Fidessa's environmental policy is regularly reviewed and is published on its website and intranet.

As an office-based software and services provider, Fidessa has no activities that have a major negative environmental impact. Usage of energy to facilitate the computing requirements of its data centres and its employees, as well as international travel, are considered to be the greatest environmental impacts associated with its daily operations. Other factors include the use of electrical and electronic equipment, the consumption of water, the use of paper and the disposal of waste.

Fidessa endeavours to minimise energy and natural resource usage, support the reduction and recycling of materials and ensure the legal disposal of waste arising from the activities of the business. Fidessa encourages

employees to reduce their usage of those resources and sets policies and procedures to assist in this so that productivity is not adversely impacted.

During the year Fidessa engaged an independent consultant to facilitate adherence to the requirements of the Energy Savings Opportunities Scheme prior to its December 2015 commencement date; no material improvements were recommended by the consultant.

Fidessa's website provides further details on its environmental policy.

Greenhouse gas emissions

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Fidessa is required to make certain disclosures concerning greenhouse gas emissions relating to the current and preceding financial years.

The quantity of Scope 2 emissions is set out in the table below.

	2015	2014
Carbon emissions (tonnes of CO₂e)	10,520	10,187

The GHG Protocol Corporate Accounting and Reporting standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors Guidance 2013 were used to calculate the quantity of emissions.

Fidessa calculated the emissions from data available for its major operations and extrapolated these results to take account of the smaller operations. Scope 1 data has not been included as it is not considered to be material.

Refrigerant losses are excluded as they are the responsibility of either Fidessa's landlords or its data centre service providers.

The legislation requires the statement of relevant intensity ratios. This is an expression of the quantity of emissions in relation to a quantifiable factor of the businesses activity. Fidessa has identified six such intensity ratios as set out in the table below.

Intensity ratios

(tonnes of CO₂e per unit)

Ratios of carbon emissions to:

	2015	2014
Total revenue	0.04	0.04
Recurring revenue	0.04	0.04
Operating profit	0.28	0.27
Employees	6.04	6.10
Number of connections to the network community	1.74	1.97
Number of Fidessa users	0.45	0.42

On behalf of the Board

A.K. Skelton

Andy Skelton

Director

12th February 2016

Directors' and corporate governance report

This section of the Annual Report outlines how the Board maintains high standards of corporate governance as well as providing a summary of how each of the Board's Committees function. The Board believes in good governance and recognises the importance of complying with the various aspects of the UK governance framework.

Over the last two years the Board has seen a number of changes. 2014 saw the retirement and appointment of two new non-executive directors and in October 2015 the Board welcomed Andy Skelton as the new Chief Financial Officer, succeeding Andy Malpass who will step down as an executive director in February 2016.

Andy Malpass has served as Chief Financial Officer for the past two decades, during which time Fidessa's revenues have grown from £7 million to £295 million (2015). Andy played a key role in our stock market flotation in 1997 and since then has been instrumental in helping develop the business into a global leader. Andy's knowledge, commitment, integrity and pragmatic style are all highly valued within Fidessa, but are also widely recognised and admired in the investment community, where his solid and consistent approach has served all of Fidessa's shareholders extremely well. Andy has also helped ensure a smooth transition period and handover for his successor, Andy Skelton. We all thank Andy for his invaluable contribution to Fidessa and sincerely wish him all the very best for the future. The Board also looks forward to working with Andy Skelton during the next phase in Fidessa's development.

The Board continues to welcome interaction with shareholders and I and the other non-executive directors are available for dialogue as an alternative to meetings with the Chief Executive and Chief Financial Officer.

Finally, as part of the Board's ongoing commitment to good corporate governance, a full evaluation of the Board was completed in October 2015. The evaluation was facilitated by David Mensley of EquityCommunications Ltd and it was concluded that the Board was operating effectively. The observations arising from the evaluation were discussed by the Board during 2015. Further details are set out in this report.

John Hamer
Chairman

The directors present their report and the audited financial statements for Fidessa group plc (company number 03234176) for the year ended 31st December 2015. These will be laid before the shareholders at the Annual General Meeting to be held on 27th April 2016. The Strategic Report is incorporated by reference into this Directors' Report.

All sections of the Annual Report contain certain forward looking statements which by their nature involve risk and uncertainty. The forward looking statements are based on the knowledge and information available at the date of preparation and on what are believed to be reasonable judgements. A wide range of factors may cause the actual results or events to differ materially from those contained within, or implied by, these forward looking statements. The forward looking statements should not be construed as a profit forecast.

Directors

For the majority of 2015, the Board comprised a Chairman, four independent non-executive directors and two executive directors. Currently there are three executive directors during the handover of responsibilities of Chief Financial Officer, the number of executive directors will revert to two in February 2016. The Board considers its overall size and composition to be appropriate, having regard to the experience and skills which the Board members bring together and the fact that the Board considers the non-executive directors to be independent of management. The serving directors are:

John Hamer (age 56), Chairman

John Hamer joined Fidessa in 1983. He has a BSc. Hons. in Computer Science from Leeds University and was Chief Executive of the Group between 1992 and 2001 when the Group had multiple divisions, each division having its own Chief Executive. John became Chairman in 2001 when the Group focused on the Fidessa business by divesting the help desk and call centre software businesses. The Board considers the Chairman role to be similar to that performed prior to 2001 when there were multiple businesses and there to be no conflict with Chris Aspinwall, the Chief Executive, who was already the Chief Executive of the Fidessa business prior to 2001. He currently has no other material business commitments.

Directors' and corporate governance report continued

Chris Aspinwall (age 52), Chief Executive

Chris Aspinwall joined Fidessa in 1986 as a software engineer and was appointed to the Board in 1992. He became Chief Executive of the Fidessa business in 1992 and has grown it to its current world leading position. In 2001 he became Group Chief Executive. He has a BSc. Hons. in Computer Science from York University.

Andy Skelton (age 44), Chief Financial Officer

Andy Skelton joined Fidessa in October 2015 as Chief Financial Officer. He was previously Deputy Chief Financial Officer at CSR plc, a global fabless semiconductor company that was listed on the London Stock Exchange and on NASDAQ, before its acquisition in 2015 by Qualcomm Incorporated. Prior to joining CSR, Andy held a number of senior finance positions at Ericsson and Marconi, including two years as Chief Financial Officer of Ericsson Nikola Tesla in Zagreb, Croatia. He has a BA in Accounting and Finance from Heriot-Watt University and qualified as a chartered accountant in 1994.

Andy Malpass (age 54), Executive Director

Andy Malpass joined Fidessa in 1995 and was Chief Financial Officer until October 2015 and has over 30 years' experience in the software industry, with both private and public companies. He will be retiring from Fidessa in February 2016. He has a BA Hons. in Accounting and Finance from Lancaster University and is a fellow of the Chartered Institute of Management Accountants. He is also a non-executive director and Chairman of the Audit Committee of Kainos Group plc.

Ron Mackintosh (age 67), Senior Independent Non-Executive Director

Ron Mackintosh was appointed to the Board in 2004. Ron has held a number of senior executive positions in European technology companies. Between 1992 and 2000 he was Chief Executive of Computer Sciences Corporation's (CSC) European business which had revenue of \$2.5 billion. He has been Chairman of each of CSR plc, SmartStream Technologies Limited, Northgate Information Solutions plc, Differentis Limited and Alertme.com Limited and is a former director of Gemplus SA.

Elizabeth Lake (age 73), Independent Non-Executive Director

Elizabeth Lake was appointed to the Board as a non-executive director in October 2008. Until June 2009, Elizabeth was a director and president of Securities Processing Solutions International, a subsidiary of Broadridge Financial Solutions, Inc (Broadridge), a global provider of technology based outsourcing solutions to the financial services industry. She was a partner in the consultancy practice of KPMG and has also held senior executive positions at CSC Index within the financial services sector and at Ziff Davis Technical Information Company, where she was responsible for software products and services for the financial services industry. Elizabeth is also an adviser to the Tokushukai Medical Group, a privately held Japan based organisation which has 68 hospitals, together with a number of primary care facilities, retirement homes and dialysis centres, including the Tokuda Hospital in Sofia, Bulgaria of which she is Chairman.

John Worby (age 65), Independent Non-Executive Director

John Worby was appointed to the Board as a non-executive director in May 2014. John is a chartered accountant who is an experienced executive and non-executive director. In 2013 he retired as Group Finance Director of Genus plc, having previously been Group Finance Director and Deputy Chairman at Uniq plc (formerly Unigate PLC). John is the senior independent director and Chairman of the Audit Committee at Carr's Group plc and has held a number of other non-executive positions including at Connect Group PLC (formerly Smiths News PLC) and Cranswick plc. John is a member of the Financial Reporting Review Panel.

Ken Archer (age 64), Independent Non-Executive Director

Ken Archer joined the Board as a non-executive director in November 2014. He is Chairman of Gresham Computing plc, where he has been a non-executive director since 2010. Ken was Chief Executive Officer of SmartStream Technologies until 2009 and prior to that, the President, European Business Development of Computer Sciences Corporation where he managed the sales team responsible for large scale outsourcing projects across Europe. Ken has also worked at J.P. Morgan, where he served as VP, Information Services and subsequently at Mercantile Information Services and The Savings Corporation.

In accordance with provision B.7.1 of the UK Corporate Governance Code (Code), and with the exception of Andy Malpass, all the directors offer themselves for re-election at the forthcoming Annual General Meeting.

As announced in August 2015, Andy Malpass, will retire as an executive director in February 2016. Andy Malpass remained on the Board following Andy Skelton's appointment as Chief Financial Officer to facilitate a well-managed handover of responsibilities.

In 2013 Ron Mackintosh completed nine years of service as non-executive director of Fidessa. Following consultation in October 2013 with the largest 13 shareholders (holding over 60% of Fidessa's shares at that time) the Board reappointed Ron and he was re-elected by shareholders at the 2015 Annual General Meeting. During 2015, the Board undertook a rigorous review of Ron's independence and contribution to the Board and continues to conclude that he remains independent in character and judgement. The Board believes that Ron's considerable experience within the technology sector in UK listed companies is both rare and very valuable and given recent changes in other parts of the Board it is beneficial to the Company to retain Ron's services both as an independent non-executive director and as the Senior Independent Director. The Board further considers his valuable contribution to, and in-depth understanding of, Fidessa's business together with his fair and transparent participation in Board discussions as beneficial and valuable to the Board and Fidessa as a whole. Accordingly, the Board recommends that Ron be re-elected as an independent non-executive director at the 2016 Annual General Meeting.

As announced by the Company on 11th January 2016, Ron Mackintosh stepped down as Chairman of the Remuneration Committee with Ken Archer assuming that role and also becoming a member of the Nominations Committee, both with effect from 8th January 2016.

After a formal review, the Board confirmed that John Worby, Elizabeth Lake and Ken Archer are independent in character and judgement. When reaching its decision on independence, the Board considered the independence criteria set out in paragraph B.1.1 of the Code.

The Chairman confirms that the performance of each of the directors continues to be effective and that they continue to demonstrate commitment to their roles, bringing their considerable commercial experience to Fidessa; accordingly their re-election is recommended. The Senior Independent Director, Ron Mackintosh, confirms, on behalf of the non-executive directors, that the performance of the Chairman continues to be effective and his re-election is accordingly recommended.

Directors' interests in shares and share incentives in Fidessa group plc are detailed in the Directors' Remuneration Report.

At the date of this Directors' and Corporate Governance Report, indemnities are in force under which Fidessa has agreed to indemnify the directors and the Company Secretary to the extent permitted by law and by Fidessa group plc's Articles of Association in respect of losses arising in their capacity as officer of any member of the Fidessa group. In addition, Fidessa has purchased and maintained throughout the year, directors' and officers' liability insurance in respect of itself and its directors and officers.

Directors' and corporate governance report continued

The Board

At 31st December 2015 the Board comprised the Chairman, three executive directors and four non-executive directors whose Board and Committee responsibilities are set out in the table below:

		Board	Audit	Remuneration	Nominations
John Hamer	Chairman	Chairman	-	-	Chairman
Chris Aspinwall	Chief Executive	Member	-	-	-
Andy Skelton	Chief Financial Officer	Member	-	-	-
Andy Malpass	Executive Director	Member	-	-	-
Ron Mackintosh	Senior Independent Non-Executive Director	Member	Member	Chairman	Member
John Worby	Independent Non-Executive Director	Member	Chairman	Member	Member
Elizabeth Lake	Independent Non-Executive Director	Member	Member	Member	Member
Ken Archer	Independent Non-Executive Director	Member	Member	Member	-

The Board meets formally on a regular basis to monitor operating issues, risk and trading performance, to review forecasts, strategy and policy, to consider key projects and major investments and to oversee appropriate shareholder reporting. During 2015 the Board met on 10 scheduled occasions for this purpose. In addition, if required, impromptu Board meetings occur to consider specific issues as and when necessary. Meetings were held by the Chairman with the non-executive directors, without the executive directors present, to discuss the performance of the executives. The Chairman and non-executive directors also held meetings throughout the year with various senior managers to improve insight into the business operations and marketplace. The attendance of individual directors at Board meetings and Committee meetings is presented in the table below:

	Board meetings attended	Audit Committee meetings attended	Remuneration Committee meetings attended	Nominations Committee meetings attended
John Hamer	10/10	-	-	2/2
Chris Aspinwall	10/10	-	-	-
Andy Skelton*	3/3	-	-	-
Andy Malpass	10/10	-	-	-
Ron Mackintosh	10/10	4/4	3/3	2/2
John Worby	10/10	4/4	3/3	2/2
Elizabeth Lake	9/10	4/4	3/3	2/2
Ken Archer	8/10	4/4	2/3	-

*Andy Skelton was appointed to the Board on 26th October 2015.

Absences were due to prior commitments or illness.

The Board is responsible for corporate governance and delegates operational control to the executive directors. At each Board meeting it considers strategic issues, finance, business development, governance and risks facing the business. There is a formal schedule of matters reserved for the decision of the Board that covers key areas of Fidessa's affairs. The schedule includes approval of the Annual Report and any other financial statements, the adoption of budgets or business plans, decisions on acquisitions and disposals, material financial commitments and the release of inside information. Certain matters require Board approval and other matters may be approved by senior management, but notification to the Board is required. The schedule of matters reserved for the Board is reviewed annually.

A procedure exists to allow the directors to seek independent legal advice in respect of their duties at Fidessa's expense where the circumstances are appropriate. No such advice was sought by any director during the year. All directors have access to the Company Secretary for his advice and services.

There was a rigorous formal evaluation of the performance of the Board during 2015. This consisted of an externally facilitated evaluation undertaken by an independent consultant, David Mensley of EquityCommunications Ltd. This consisted of a review conducted by way of a performance evaluation questionnaire which was based on the Code and included questions related to the following areas: Board structure and diversity, effectiveness, administration, decision making, strategy, training, risk oversight, succession planning and Committees. Questionnaires were completed by the directors and Company Secretary and submitted for compilation. The report produced by the independent consultant was discussed by the Board, together with potential improvements that could be made. The conclusion was reached that the Board is operating effectively and that each director continues to contribute effectively and demonstrates commitment to their role. An evaluation of the Chairman by the non-executive directors without the executive directors present was also carried out and it was concluded that he was performing his role effectively. In accordance with the requirements of paragraph B.6.2 of the Code, the next independent evaluation of the performance of the Board is scheduled to be conducted during 2018.

There is a formal written policy on the division of responsibilities between the Chairman and the Chief Executive such that their roles are complementary to each other. John Hamer as Chairman is principally responsible for leading the Board, promoting constructive debate amongst the Board and facilitating communication with shareholders as well as overseeing strategy. Chris Aspinwall as Chief Executive is responsible for all aspects of Fidessa's operations; he leads and develops the strategy plans for the business and identifies risk factors and the steps required to mitigate them.

Directors undergo a thorough, formal and tailored induction process on joining and, following regular reviews by the Chairman of training and development requirements, receive ongoing updates to improve their skills and knowledge according to their personal and external needs.

The Company Secretary is responsible for advising the Board and updating it on governance and regulatory matters.

The Companies Act 2006 imposes a statutory duty on directors to avoid conflicts of interest. The Articles of Association allow the directors to consider and, if they deem fit, to authorise conflicts of interest. The Articles of Association set out the process for authorisation of such conflicts and any such conflicts will be recorded in the Board minutes and maintained on a register which will be reviewed on an annual basis by the Nominations Committee and by the Board. No conflicts have arisen since that legislation came into effect.

The Board uses succession planning to help maintain a continuous level of quality in management and to reduce the level of instability that may arise following unforeseen events, such as the departure of a key individual. The Board, in conjunction with the Nominations Committee, formally discusses succession planning at least once a year to identify those individuals with potential for Board and other senior management positions; part of those discussions include the development requirements of those identified individuals.

Committees of the Board

The constitution and responsibilities of the Board's Committees are set out below.

Directors' and corporate governance report continued

Directors' remuneration report

Annual statement from the Chairman of the Remuneration Committee

As the newly appointed Chairman of the Remuneration Committee I am pleased to introduce the Directors' Remuneration Report for the year ended 31st December 2015.

The Committee continues to believe that a significant proportion of the remuneration for the executive directors should be performance-related. The elements of each executive's package that are performance-related are the annual cash bonus, which is directly linked to the year's operating profit, and long-term share incentives. The performance-related elements are underpinned by a competitive salary but with very limited benefits. These principles are reflected in the remuneration policy with the focus of the performance-related elements on consistent financial performance over multiple years and the operation of shareholding guidelines providing alignment with Fidessa's strategy and shareholders' interests. The policy has been applied consistently over the last four years and will continue through 2016. The Committee believes that the appropriateness of not only the policy but also the level and structure of package can be demonstrated by Fidessa's ability to attract a high quality successor for the Chief Financial Officer role.

During the year, the Committee reviewed and approved Andy Skelton's remuneration package prior to his appointment. His package is consistent with that paid to Andy Malpass, the retiring Chief Financial Officer, along with a limited level of one-off compensation for pay foregone from his previous employer and relocation expenses. The Committee was satisfied that Andy Skelton's remuneration package was consistent with the remuneration policy. Further details of Andy Skelton's package are set out in the relevant sections of Annual Report on Remuneration. The Committee also decided that a full year bonus would be payable to Andy Malpass reflecting that he was the Chief Financial Officer for the vast majority of the year, he continued as an executive director for the remainder of the year and has managed an orderly handover. Further details are set out in the Annual Report on Remuneration.

The Committee felt that due to the continuing challenges facing the business, prevailing market conditions and potential financial performance of Fidessa, basic salary and the total annual bonus opportunity for the executive directors should remain unchanged for 2015. As in previous years, when setting the operating profit threshold for the executive directors' annual bonus, the Committee considered the market conditions at the time, Fidessa's projected financial performance for the year and stakeholders' interests. For 2015, the Committee felt it appropriate to increase the operating profit threshold by almost 8%. Although the headline operating profit reported for the year is similar to that in the prior year the measure of operating profit that is applicable for the executive directors' bonus calculation reduced by 3%. This resulted in the aggregate of basic salary and annual bonus payable to Chris Aspinwall decreasing by 7% and that payable to Andy Malpass decreasing by 6% compared to 2014. The Committee, with Board approval, also agreed that the Chairman's fees should be increased by 1.4% for 2015 (the Chairman's fees were last changed in 2011).

The Committee has agreed that any increase in executive directors' salaries for 2016 will take into account and reflect sensitivities in relation to the percentage increase received by the Group's UK employees. Additionally, there will be no change in benefits and Chris Aspinwall's and Andy Skelton's annual bonuses will be aligned to operating profit performance consistent with the approach taken since 2013.

During 2016 the Committee will conduct a five year review of the Performance Share Plan to ensure it remains fit for purpose. Any material changes to the plan proposed will be discussed with major shareholders during the course of the year.

Ken Archer
Chairman of the Remuneration Committee

Introduction

This report by the Remuneration Committee has been approved by the Board for submission to shareholders in accordance with the UK Corporate Governance Code, the requirements of the Listing Rules of the UK Listing Authority and the reporting requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations).

The report has been split into two sections: the Directors' Remuneration Policy as approved by shareholders at the 2014 Annual General Meeting, which sets out the policy on the directors' remuneration for the three year period commencing on 30th April 2014, and an Annual Report on Remuneration, which discloses the directors' remuneration for the year ended 31st December 2015. Fidessa will be seeking shareholders' support for the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) at the forthcoming Annual General Meeting.

Directors' remuneration policy

The document below is an extract of the Directors' Remuneration Policy that was approved by shareholders at the 2014 Annual General Meeting. The chart illustrating the application of the remuneration policy in 2014 has been omitted as have the sections relating to service contracts, employees, and shareholders. Andy Skelton entered into a service contract on 17th August 2015 and that service contract is consistent with the directors' remuneration policy.

Up to date details of the long-term incentives granted to the executive directors are set out in the Annual Report on Remuneration.

The complete version of the Directors' Remuneration Policy is available in the 2013 Annual Report which may be found at <http://www.fidessa.com/investor-relations/reports>.

Extract from approved directors' remuneration policy

The Committee believes that the executive directors and senior managers should be rewarded fairly and competitively according to their performance. This should be at a comparable level to directors in similar companies and at a level that will attract, motivate and retain individuals of an appropriate calibre to deliver Fidessa's strategy and value to shareholders.

Fidessa's remuneration philosophy is that a significant proportion of the remuneration of the executive directors and senior management should be performance-related, so that management is clearly focused on financial performance. Whilst the annual bonus is focused on operating profit in the year, the long-term share-based incentives are focused on earnings per share and share price performance measured over multiple years. The focus on financial performance avoids excessive short-term risk taking, encourages consistent performance over multiple years and aligns remuneration with Fidessa's strategy and shareholders' interests. It aims to deliver value and good growth over the long-term whilst balancing the extent of caution and risk.

The individual elements of the remuneration packages offered to executive directors are set out in the table below.

Executive directors' remuneration policy

Salary Each executive director's salary is paid monthly and reviewed annually. When setting salary levels the Committee takes into account an individual's experience, knowledge and performance in the role, business and individual performance, achievement of objectives, comparative salaries and periodic reviews from the Committee's remuneration advisers. In addition, the Committee considers the salary increases being provided to Fidessa employees over recent years and the period under review to take account of potential sensitivity of salary increases to executive directors.

Recent benchmarking undertaken by the Committee's remuneration advisers showed that the executive directors' salaries are in line with comparative salaries. Maintaining this alignment is one of the factors the Committee takes into account when setting salary levels. This approach should assist in the recruitment, motivation and retention of high performing individuals.

Directors' and corporate governance report continued

Benefits	<p>Benefits are very limited as the Committee strongly believes in focusing directors' remuneration on types of remuneration that can be aligned with the interests of shareholders.</p> <p>Executive directors are entitled to life insurance, ill health income protection and private medical insurance. The benefits offered may vary during the policy period but they shall not exceed those benefits generally offered to employees.</p>
Annual bonus	<p>The purpose of the annual bonus is to reward the performance of the executive directors based on an annual business target. It is based on financial performance measures which are reviewed annually. The applicable sections of the Annual Report on Remuneration sets out details of the performance measures and the operation of the annual bonus.</p> <p>To be consistent with other tiers of management, the annual bonus is paid in two instalments, an interim and final bonus being paid after the half year and final results are announced respectively. The proportion of the bonus payable as an interim bonus is around one third of the likely annual bonus payable. In the unlikely event that the overall amount due for the annual bonus is less than that already paid as an interim bonus, the excess is clawed back.</p> <p>The rationale for the methodology is to directly align the bonus with the financial performance, whilst at the same time avoid reward for poor performance.</p> <p>A component of the annual bonus may be deferred, through the use of the Deferred Annual Bonus Plan (DABP), thus encouraging a longer term focus. If an element of the annual bonus constitutes an award under the DABP, that award, together with dividends earned, will vest three years after the grant, subject to continued employment. A summary of the DABP is set out in note 19 to the financial statements. The Committee will take into consideration the executive directors' shareholdings and existing long-term share-based incentives when determining whether deferral of an annual bonus is appropriate or not.</p> <p>The maximum bonus payable is subject to an upper limit of 125% of salary for the Chief Executive and 100% of salary for the Chief Financial Officer. The maximum proportion of the annual bonus that can be deferred as an award under the DABP in any year will be ordinary shares with a market value at the time of the award of 50% of the annual bonus for that year.</p>
Long-term incentives employee	<p>Long-term incentives are an important form of overall compensation when judiciously combined with other forms of remuneration. Such incentives are also key to aligning long-term remuneration with the long-term interests of shareholders. These incentives also encourage retention and consistent performance when the vesting conditions are based on average or aggregate measures over multiple years.</p> <p>The current primary long-term incentive plan which the executive directors can receive awards from is the Performance Share Plan (PSP), which was overwhelmingly approved by shareholders in May 2011. Each award from the PSP has a vesting period of four years and a performance condition related to growth in earnings per share measured over four years. The maximum annual award under the PSP to an executive director is £500,000 (based on the market value of the shares at the time of the award). When determining the value of the awards to grant to the executive directors, the Committee takes into account, and ensures consistency with, the awards granted to other employees.</p>

Long-term incentives continued set	<p>The previous share schemes in which the executive directors have an interest are the EGRIP and the Share Bonus Plan (SBP).</p> <p>A summary of these plans, their operation, performance conditions and clawback arrangements is set out in note 19 to the financial statements.</p>
Pension	<p>The provision of a pension contribution may be important in helping Fidessa attract and recruit high performing individuals. The directors are entitled to participate in a money purchase pension scheme, but the current executive directors do not participate. The maximum contribution that Fidessa may make to a director's money purchase pension scheme shall be consistent with other employees in the same location. From 2014, Fidessa will match the contributions of employees participating in the UK money purchase pension scheme up to a maximum of 3% of salary. Such contribution will be taken into consideration when agreeing a director's salary so that it does not result in an inappropriate proportion of fixed remuneration.</p>
Other	<p>The executive directors are also eligible to participate in the Share Incentive Plan (SIP) and Monthly Share Purchase Plan (MSPP) on terms that are no better than other employees. These plans are applicable to over 90% of employees and provide a matching share for each share purchased. The directors' participation in these plans is limited to the maximum allowed in the relevant UK legislation.</p> <p>A summary of these plans and their operation is set out in note 19 to the financial statements.</p>
<p>The performance measures for the annual bonus are set by reference to the financial performance as reported to the Operating Board. When considering the relevant targets, the Committee takes into account the directors' on target earnings (i.e. salary and bonus) for the year and sets a target level that is sufficiently demanding taking into account market conditions prevailing at the time and the expected financial performance for the year. The Committee chooses financial performance measures which are simple to operate, transparent and can be applied accurately. The financial performance measures consist of a threshold and a sliding scale of payment once that threshold has been achieved.</p> <p>In relation to the PSP the performance measure is set by reference to the growth in earnings per share which the Committee considers appropriate, as the vesting of an award requires an improvement in Fidessa's financial performance. In addition, such a measure is simple to operate, transparent and can be applied accurately.</p>	

Directors' and corporate governance report continued

Non-executive directors' remuneration policy

Fees	<p>The fees of the Chairman and non-executive directors are paid monthly and reviewed annually taking into account time commitment, responsibilities and fees paid by listed companies with a similar market capitalisation.</p> <p>The Committee sets the Chairman's fee and the Board, excluding the non-executive directors, sets the non-executive directors' fees.</p> <p>The fee increases will take into account the outcome of the annual review and other factors, such as inflation.</p> <p>Additional fees for non-executive directors for duties outside the ordinary course of their service may be payable from time to time to reflect the time and responsibility involved.</p>
Benefits	<p>The Chairman is entitled to life insurance, ill health income protection and private medical insurance. Those benefits shall be provided on terms that are no better than those available to other employees.</p>
Annual bonus	n/a
Long-term incentives	n/a
Pension	n/a
Other	<p>The Chairman participates in the Share Incentive Plan (SIP) on terms that are no better than those available to other employees. Fidessa provides a matching share for each share purchased in the SIP. The Chairman's participation in the SIP is limited to the maximum allowed in the relevant UK legislation.</p> <p>A summary of the SIP and its operation is set out in note 19 to the financial statements.</p>

Remuneration policy for new directors

In the event that a new executive director is appointed or a new service contract is entered into, the service contract would be subject to a notice period of not greater than 12 months with the director entitled to receive salary, bonus and benefits as well as participate in the current share plans. The remuneration package for the new director would be set in accordance with the terms of Fidessa's approved remuneration policy in force at the time of appointment whilst at the same time reflecting the experience and skill of the individual.

The new director's total remuneration would be consistent with comparative packages as advised by the Committee's remuneration advisers and the proportions of the various elements of the remuneration package would be broadly similar to those relating to the current executive directors. The total remuneration for a new director is not expected to be higher than the current Chief Executive's total remuneration. In the year of joining, the annual bonus and associated performance measures will be varied to reflect the part year. In addition, when recruiting new executive directors the Committee may need to offer additional cash and/or share-based elements on a one-time basis when it considers these to be in the best interests of Fidessa and its shareholders. Such payments would be limited to the remuneration lost when leaving the former employer to take up a position with Fidessa and would reflect the delivery mechanism (e.g. cash, shares, options), time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of such payments at the time of appointment. In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, other ongoing remuneration obligations existing prior to appointment would continue as appropriate, provided that they are put to shareholders for approval at the earliest opportunity. For external and internal appointments, the Committee may agree that Fidessa will meet reasonable relocation expenses in line with market practice.

The appointment of non-executive directors shall be on terms substantially similar to those of the existing non-executive directors and in accordance with the remuneration policy for non-executive directors applicable at the time.

Payments for loss of office

In the event of termination, the directors will receive payments for loss of office in accordance with the termination provisions of their service contracts and letters of appointment as applicable.

The Committee has discretion to recommend the payment of an alternative bonus to an executive director in relation to the notice period worked by that director. Such bonus shall not exceed 125% of salary for the Chief Executive and 100% of salary for any other director, shall be in lieu of any pro-rata annual bonus the executive director may be entitled to receive and may only be payable if the executive director's role was materially changed during the relevant period and appropriate performance criteria were set and satisfied.

No executive director is entitled to receive any bonus payment in lieu of the required notice period or unexpired part thereof.

The treatment for share-based incentives previously granted to an executive director will be determined based on the relevant plan rules. The default treatment will be for outstanding unvested awards to lapse on cessation of employment. In relation to awards granted under the PSP, DABP, SIP or MSPP plans, in certain prescribed circumstances 'good leaver' status may be applied and the awards may vest in full (in the case of the DABP, SIP and MSPP) or part (in the case of the PSP). A summary of the 'good leaver' provisions and the treatment for the part vesting of awards are set out in note 19 to the financial statements.

Directors' and corporate governance report continued

Annual report on remuneration

Membership, meetings and evaluation

During the year the Committee comprised Ron Mackintosh (Committee Chairman), Elizabeth Lake, John Worby and Ken Archer. All members of the Committee are independent non-executive directors. No member of the Committee has any personal financial interest (other than as a shareholder, to the extent disclosed in this report), conflict of interest arising from cross-directorships, or day-to-day involvement in running the business. The Chairman and executive directors may attend Committee meetings by invitation. The Company Secretary acts as secretary to the Committee.

As announced by the Company on 11th January 2016, Ron Mackintosh stepped down as Chairman of the Remuneration Committee with Ken Archer assuming that role and also becoming a member of the Nominations Committee, both with effect from 8th January 2016.

The performance of the Committee was evaluated as part of the Board evaluation process during the year and the conclusion was that the Committee was functioning effectively.

Responsibilities

The Committee operates within its terms of reference, which are reviewed and, if necessary, updated annually and are available at www.fidessa.com/investor-relations/remuneration-committee.

The Committee is responsible for determining the policy and application for remuneration, other benefits and terms of employment, including performance-related bonus schemes and oversight of share plans, for executive directors, senior management and the Chairman.

Remuneration consultants

During the year, the Committee took independent advice from its retained remuneration advisers, New Bridge Street (NBS), an Aon Hewitt company. NBS is a member of the Remuneration Consultants Group and has signed up to its Code of Conduct, which requires its advice to be objective and impartial. NBS provided advice on general remuneration matters. NBS does not provide other services to Fidessa. The Aon group provides other services to Fidessa, namely insurance broking and pensions provision, but the Committee continues to believe that this does not create a conflict of interest.

The Committee regularly reviews the effectiveness of the advice received from NBS and the Committee is satisfied that the advice given during the year under review is objective and impartial. The Committee maintains appropriate contacts with potential alternative remuneration advisers should a change be required.

For the year under review, NBS received fees of £9,000 in connection with its work for the Committee.

Remuneration details

In accordance with the Regulations, the tables below set out the remuneration for each director.

Executive directors

£'000		Salary	Benefits	Annual bonus	Long-term incentives vested	Other	Total
Chris Aspinwall	2015	480	1	377	-	1	859
	2014	480	1	441	-	1	923
Andy Malpass **	2015	302	1	140	-	1	444
	2014	302	1	160	-	1	464
Andy Skelton *	2015	56	12	26	-	-	94

*Andy Skelton was appointed to the Board on 26th October 2015 on a salary of £300,000 per annum. He is entitled to the same benefits as other executive directors and for a limited period was eligible to a relocation allowance subject to a maximum of £20,000 (gross) related to rent and removal costs. Andy participates in the annual bonus from the date of appointment, on similar terms as his predecessor with the entitlement for 2015 pro-rated to reflect his period of service. 50% of the annual bonus is payable in the form of deferred shares using the DABP. In addition he received a DABP award in compensation for pay foregone from his previous employer. The specific details of each component are set out over the following sections of the report.

**Andy Malpass ceased to be the Chief Financial Officer on 26th October 2015 but remained an executive director for the full financial year and was assessed on a consistent basis throughout. His bonus for 2015 will be payable on the normal payment date.

In addition to the above, Andy Malpass received fees from Kainos Group plc of £33,000 during the financial year for his role as a non-executive director of Kainos Group plc.

Fidessa's approach to annual bonuses for 2015 was consistent with the remuneration policy approved by shareholders and the approach used since 2013. The benefits received by the executive directors are life insurance, ill health income protection and private medical insurance. The item in the column headed 'other' comprises the matching shares awarded under the SIP. The table below sets out the bonus thresholds and percentages for the directors.

£'000		Operating profit	Operating profit threshold	Percentage payable above the threshold	Annual bonus amount
Chris Aspinwall	2015	37,034	19,500	2.15%	377
	2014	38,147	18,100	2.2%	441
Andy Malpass	2015	37,034	19,500	0.8%	140
	2014	38,147	18,100	0.8%	160
Andy Skelton*	2015	37,034	19,500	0.8%	26

* Pro-rated for period of service

The executive directors' annual bonus was a flat percentage above a threshold of the operating profit as presented to the Operating Board (as disclosed in note 5 to the consolidated financial statements), excluding items that the Committee considers to be exceptional or inappropriate. When setting both the threshold and the flat line percentage the Committee took into account the directors' on target earnings (i.e. salary and bonus) for the year and the projected operating profit for the year.

The 2010 EGRIP awards reached the end of their measurement period in September 2015 and failed to vest. The performance targets for the EGRIP are as set out in note 19 to the consolidated financial statements. Vesting of the awards would have required three performance conditions to be satisfied but none succeeded. The total shareholder return target was very narrowly missed whilst both the cumulative diluted earnings per share target and the requirement to outperform the techMARK All-Share Index were materially missed. There are no further awards outstanding under the EGRIP.

Directors' and corporate governance report continued

Non-executive directors

£'000		Salary and fees	Benefits	Other	Total
John Hamer	2015	147	1	1	149
	2014	145	1	1	147
Ron Mackintosh	2015	51	-	-	51
	2014	49	-	-	49
Elizabeth Lake	2015	45	-	-	45
	2014	43	-	-	43
John Worby	2015	51	-	-	51
	2014	33*	-	-	33
Ken Archer	2015	45	-	-	45
	2014	4*	-	-	4

* From date of appointment

During the year Andy Skelton received an award under Part B of the DABP. This award was to replace remuneration he forfeited upon leaving his previous employment on a broadly similar basis in terms of expected value, but with a longer timeframe. In addition, certain directors received awards to equally match shares purchased under the SIP. The tables below set out the details of those awards.

DABP awards

	DABP awards Number of shares	Basis of DABP award (% of annual salary)	Face value of DABP award at date of grant £'000*	Vesting period
Andy Skelton	10,000	65%	197	Nov 2015 - Nov 2018

* Based on the share price of 1975p on the day before grant

SIP awards

	SIP awards Number of shares	Face value £'000
Chris Aspinwall	71	1
Andy Skelton	6	-
Andy Malpass	71	1
John Hamer	71	1

No director received any pension benefit or entitlement from Fidessa and nor did Fidessa make any payments to current or past directors for loss of office.

Directors' shareholdings

The executive directors' shareholding guidelines have been structured to encourage executive directors to acquire and maintain a meaningful shareholding in Fidessa. For executive directors this is a minimum value equal to 100% of salary. The values of Chris Aspinwall's and Andy Malpass' shareholdings have been substantially greater than the guideline throughout 2015 and several multiples of their respective salaries. Andy Skelton, having only recently been appointed as Chief Financial Officer, will be building his shareholding so that he satisfies the guideline over the coming years through the retention of vested incentive awards (net of tax) and market purchases. There is no shareholding guideline for the non-executive directors.

The interests of the directors and their connected persons in Fidessa's ordinary shares as at 31st December 2015 were as follows:

	Shareholding	Vested performance shares	Unvested performance shares	Deferred shares
Chris Aspinwall	124,590	-	15,000	302
Andy Skelton	1,506	-	-	10,006
Andy Malpass	83,835	-	-	302
John Hamer	86,856	-	-	302
Ron Mackintosh	11,000	-	-	-
Elizabeth Lake	-	-	-	-
John Worby	2,000	-	-	-
Ken Archer	1,500	-	-	-

Between 31st December 2015 and the date of this report following the regular monthly purchase by the SIP, John Hamer's and Chris Aspinwall's interests have both increased by seven shares and Andy Skelton's interest has increased by six shares.

Directors' and corporate governance report continued

The directors have the following interests in performance and deferred shares from the share plans.

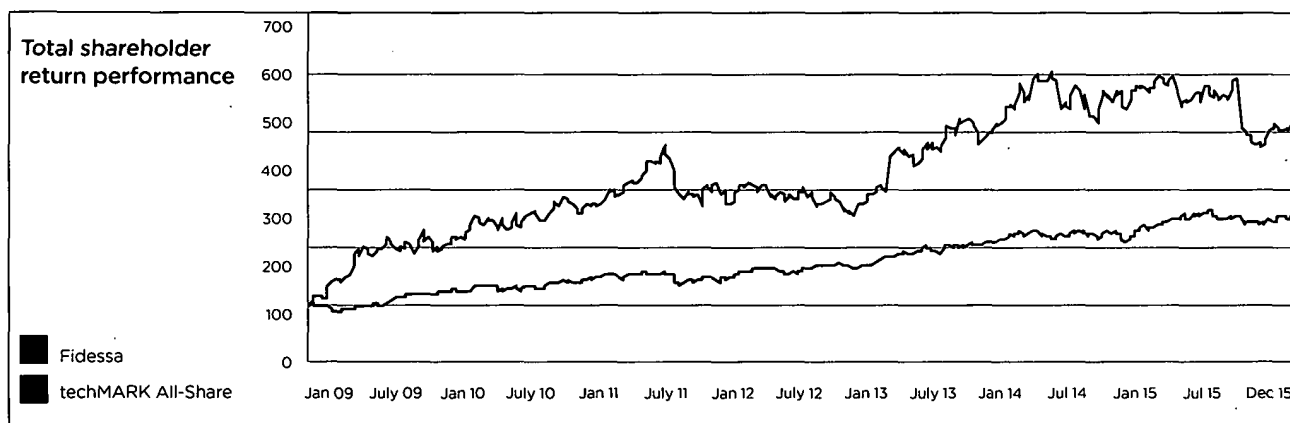
	At 1st January 2015	Awarded	Lapsed	Exercised	At 31st December 2015	Share price on award	Share price on exercise	Vesting date	Expiry date
Chris Aspinwall									
Unvested performance shares:									
EGRIP 2010	15,000	-	15,000	-	-	1421p			
PSP 2014	15,000	-	-	-	15,000	2555p		2018	2021
Deferred shares:									
SIP matching shares	231	71	-	-	302				
Andy Skelton									
Deferred shares:									
DABP 2015	-	10,000	-	-	10,000			2018	2022
SIP matching shares	-	6	-	-	6				
Andy Malpass									
Unvested performance shares:									
EGRIP 2010	15,000	-	15,000	-	-	1421p			
Deferred shares:									
SIP matching shares	231	71	-	-	302				
John Hamer									
Deferred shares:									
SIP matching shares	231	71	-	-	302				

Details of the current and previous share plans together with the total permitted dilution in relation to those share plans are set out in note 19 to the consolidated financial statements.

Performance graphs and comparator tables

The Regulations require the presentation of a number of graphs and tables as follows:

- The performance graph of total shareholder return compared to a broad equity market index for the same period as the table setting out the total remuneration and amounts received by the Chief Executive. The Board believes that the techMARK All-Share Index, of which Fidessa is a constituent, provides the best benchmark for comparison. The Fidessa share price and the techMARK All-Share Index are both set to 100 at the start of the period.



Source: Fidessa

- The total remuneration and amounts received by the Chief Executive under Fidessa's bonus and long-term incentive plans, both expressed as a percentage of the maximum of the amount receivable for a period of seven years.

	Chief Executive's salary, bonus and benefits £'000	Chief Executive's vested long-term incentives £'000	Chief Executive's total remuneration £'000	Bonus received (as a percentage of the maximum receivable)	Vested long-term incentives (as a percentage of the maximum receivable)
2009	841	-	841	80%	0%
2010	853	51	904	82%	88%
2011	920	1,065	1,985	82%	99%
2012	885	30	915	60%	6%
2013	846	576	1,422	61%	98%
2014	922	-	922	74%	0%
2015	859	-	859	63%	0%

Directors' and corporate governance report continued

- The table below highlights the percentage change in the sum of salary, benefits and bonus of the Chief Executive and all UK employees for recent years. Fidessa considers the comparator group of all UK employees to be representative of Fidessa as a whole and a global comparator group would not result in a material variance.

	Percentage annual change for Chief Executive's salary	Percentage annual change for UK employees' salary	Percentage annual change for Chief Executive's annual bonus	Percentage annual change for UK employees' annual bonus	Percentage annual change for Chief Executive's benefits	Percentage annual change for UK employees' benefits	Percentage annual change for Chief Executive's total	Percentage annual change for UK employees' total
2009	0%	0%	-2%	+25%	0%	0%	-2%	+4%
2010	0%	+4%	+2%	+3%	0%	0%	+2%	+4%
2011	+8%	+6%	+8%	-2%	0%	0%	+8%	+5%
2012	+157%	+2%	-53%	+15%	0%	0%	-4%	+4%
2013	-13%	+4%	+10%	+1%	0%	0%	-4%	+3%
2014	0%	+6%	+21%	+4%	0%	0%	+9%	+5%
2015	0%	+6%	-15%	+3%	0%	0%	-7%	+5%

- Fidessa's employees are vital to the growth and success of the business. As a software business with a strategy focused on organic development, its primary costs are related to its employees. The strategy also delivers a stable margin and strong cash flows. The cash generation has allowed Fidessa to distribute the majority of profit after tax to shareholders in the form of annual and special dividends. The profit and corporation tax figures have been included to provide greater context to employee remuneration and the total distributions to shareholders.

	Staff remuneration £'000	Profit before tax £'000	Corporation tax £'000	Corporation tax rate	Dividends £'000	Profit after tax distributed to shareholders
2009	100,537	31,013	10,001	32.2%	9,531	45%
2010	107,755	39,714	11,957	30.1%	25,255	91%
2011	120,208	42,452	12,526	29.5%	28,824	96%
2012	119,796	41,984	11,578	27.6%	30,227	99%
2013	120,944	43,146	11,329	26.3%	30,475	96%
2014	118,025	39,090	9,960	25.5%	31,244	107%
2015	128,287	39,085	9,563	24.5%	31,655	107%

Annual General Meeting of 29th April 2015 directors' remuneration report voting results

Ordinary Resolution	For	Against	Withheld
To approve the Directors' Remuneration Report for the year ended 31st December 2014	28,831,572 (99.3%)	215,156 (0.7%)	546,337

Directors' remuneration for the year commencing 1st January 2016

Executive directors

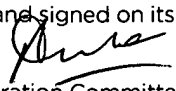
Salary	The Committee will continue to monitor the remuneration of executive directors of other companies in the IT sector and other listed companies with similar market capitalisation to ensure that the executive directors remain sufficiently rewarded to promote the long-term success of Fidessa. The Committee also takes into account sensitivities in relation to the salary increases across the wider workforce. Salary increases may also include use of the DABP. Any increase will be set out in the 2016 Annual Report.
Benefits	The benefits received by the directors will remain substantially unchanged from 2015, being life insurance, ill health income protection and private medical insurance. The remainder of Andy Skelton's relocation allowance will be paid in the initial months of the year.
Annual bonus	An annual bonus will be paid to the executive directors in accordance with the directors' remuneration policy and the operation method followed in 2015. The threshold operating profit and the percentage payable on operating profit greater than the threshold will be set to provide a similar overall outcome for on target earnings and material adjustments to these parameters are unlikely. An interim bonus payment will be made after the half year results are announced. The performance measure for, and the operation of, the annual bonus for 2016 is not being disclosed in this report as that information is deemed to be a forecast and therefore commercially sensitive. That information will be disclosed in the 2016 Annual Report.
Long-term incentives	<p>It is proposed that the Committee may approve the granting of awards to the executive directors under the PSP no greater than the maximum permitted under the approved Directors' Remuneration Policy and the terms of the relevant share plan.</p> <p>The performance targets for awards made under the PSP will be based on the satisfaction of an earnings per share growth performance condition, as described in note 19 to the consolidated financial statements, or such other parameters as may be agreed with major shareholders as part of the five year review.</p>
Pension	The current directors will continue to not participate in the pension scheme.
Other	The directors will continue to be awarded matching shares as a result of their participation in the SIP.

In relation to the Chairman and non-executive directors, it is proposed that their fees will be reviewed to take into account fees paid by listed companies with a similar market capitalisation and also their time commitment and responsibilities.

Finally, as previously announced, it was agreed that Andy Malpass will retire from the Board in February 2016 having remained on the Board after the appointment of his successor to enable a well-managed handover of responsibilities to his successor. Andy Malpass is not expected to work full-time until his retirement in February 2016 and will receive a salary only for days worked during that period and that salary will be unchanged from the day-rate equivalent of his 2015 salary. He will continue to receive his usual benefits until his retirement but will not receive a bonus for the time worked during 2016. Payments will be made on the normal payroll dates. Unvested share incentive awards under the SIP will be forfeited.

Approved by the Board and signed on its behalf by

Ken Archer
Chairman of the Remuneration Committee
12th February 2016



Directors' and corporate governance report continued

Audit Committee's report

As Chairman of the Audit Committee, I am pleased to introduce the Audit Committee Report for the year ended 31st December 2015.

The Committee has focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities. There has been no significant change to these areas of focus during the year and the Committee will continue to monitor them.

John Worby
Chairman of the Audit Committee

Membership, meetings and evaluation

The composition of the Committee remains unchanged from the end of 2014. John Worby is the Chairman of the Committee and in line with the Code, John, who is a qualified accountant, has significant, recent and relevant financial experience serving as Group Finance Director of Genus plc until 2013 and through his other current and recent appointments, including his membership of the Financial Reporting Review Panel. In addition to John, the Committee comprises three non-executive directors, Ron Mackintosh, Elizabeth Lake and Ken Archer. Accordingly, the Committee continues to comprise both financial and operational skills and experience.

At the invitation of the Committee, the Chief Financial Officer attends the Committee meetings together with representatives of the external auditor and the internal auditor as appropriate. In addition, the Committee meets with the external auditor and the internal auditor without management present at least once a year.

The performance of the Committee was evaluated as part of the Board evaluation process and the conclusion was that the Committee was functioning effectively.

Responsibilities

The Committee operates within its terms of reference, which are reviewed and updated annually and are available at www.fidessa.com/investor-relations/audit-committee.

The Committee's main responsibilities include:

- to make recommendations to the Board on the appointment and remuneration of the external auditor, review and monitor the external auditor's performance, expertise, independence and objectivity along with the effectiveness of the audit process and its scope;
- to assist the Board in monitoring the integrity, completeness and clarity of the financial statements and announcements relating to financial performance and to advise that the Annual Report is fair, balanced and understandable;
- to monitor the appropriateness of accounting policies and practices along with consistent treatment year to year;
- to monitor and review the internal financial controls and review the internal control and risk management systems; and
- to monitor and review the effectiveness of the internal audit function and review operational audit work undertaken by independent third parties.

Key matters considered in relation to the financial statements

During 2015, the Committee reviewed the results of the external audit for the previous financial year, the external auditor's half year review and the half year results, as well as the external audit plan for 2015. In February 2016 the Committee reviewed the 2015 Annual Report including the financial statements contained within it, the Preliminary Results Announcement for the year end 31st December 2015 and reports from the external auditor on their audit of the financial statements and Annual Report.

The Committee's prime areas of focus were:

- the integrity, completeness and consistency of financial reporting, including the adequacy, clarity and appropriateness of disclosures. This included reviewing the 2015 Annual Report and concluding that it was fair, balanced and understandable;
- the areas where significant judgements and estimates are required in the financial statements;
- the scope and programme of external audit, along with the quality and effectiveness of the external audit processes;
- the materiality level used by the external auditor, concluding that it should be consistent with the previous year;
- whether the going concern basis of accounting should continue to apply in the preparation of the annual financial statements;
- considering the appropriateness of the viability statement;
- the appropriateness of the controls to reduce the risk of fraud and exposure to bribery and corruption; and
- the appropriateness of the 'whistleblowing' procedures in place whereby staff may confidentially raise concerns about possible improprieties.

The preparation of financial statements requires management to make assumptions, judgements and estimates and the material ones are detailed in note 4 to the consolidated financial statements. The key areas of assumptions, judgements and estimates that have been reviewed and considered by the Committee were:

- Revenue recognition in relation to significant implementations and contract amendments. For the limited number of situations that required significant judgement the Committee received updates on the contractual terms, delivery progress, technical risks being faced, uncertainties still to be resolved, significant contractual changes and the customer's situation. As a result of their review, the Committee concluded that the judgements made, particularly in relation to revenue being deferred, were applicable in the circumstances.
- Development costs and the continued approach to their capitalisation. The Committee checked that the methodology and process were consistent with previous years, concurred that the short amortisation period of three years remained appropriate and that no impairments had arisen.
- The tax complexity and risk related to the multinational operations of Fidessa and the areas of uncertainty that arise. The Committee received updates from the Chief Financial Officer and reports from the external auditor in advance of the interim and preliminary results being approved. These reports included the circumstances relating to tax provisions and their values. The Committee considered the appropriateness of tax provisions, deferred tax assets and tax disclosures in relation to the updates and reports it had received and concluded that the treatment adopted was fair and reasonable.
- The carrying value of goodwill and intangible assets in connection with the acquisition of LatentZero in 2007 and the potential impairment of those assets. The determination of whether or not goodwill has been impaired requires a review of the value in use of the asset. The main judgements in relation to the review were considered to be the achievability of the long-term business plan, the potential impact on the business plan of macroeconomic and regulatory factors and the discount rate being applied to projected future cash flows. The Committee reviewed reports from the Chief Financial Officer and from the external auditor on the value in use, discount rate and sensitivities applied to the value in use and concurred with the judgements associated with these calculations.

Directors' and corporate governance report continued

External auditor

The Committee conducted a review of the performance of the external auditor and concluded that it is satisfied that KPMG has continued to provide an effective audit service. The review included consideration of independence and objectivity, appropriateness and quality of reporting to and interaction with the Committee, suitability of the audit plan and its areas of focus, execution and global coordination of the audit, and feedback from management and the finance team. The Committee also reviewed observations made by the Audit Quality Review team of the Financial Reporting Council and the actions taken by the external auditor in response to such observations.

The Committee receives written confirmation from the external auditor of any relationships it has which may cause a conflict of interest, together with a declaration that it considers itself to be independent. The Board has approved the external auditor undertaking very limited non-audit activities and any assignments outside these activities require separate Board approval. The non-audit activity undertaken by the external auditor has been assistance on a limited number of tax matters in the reported periods. The fees for non-audit activity represented 5% of the fees for audit activity. Details of the external auditor's fees including fees for non-audit work are set out in note 7 to the consolidated financial statements.

Following its review of the effectiveness of the external audit and independence of the external auditor, the Committee is satisfied that independence has been maintained and that it is appropriate to reappoint KPMG as the external auditor. The Committee therefore recommended to the Board that KPMG be reappointed as the external auditor for 2016 and a resolution for its appointment will be submitted to the Annual General Meeting.

It was agreed with KPMG during 2015 that the lead audit engagement partner would be changed. The new audit partner has previously been involved in certain aspects of Fidessa's audit and he will stand down under KPMG's lead partner rotation policy by no later than the end of the Annual General Meeting in 2019.

KPMG has been Fidessa's external auditor since its stock market listing in 1997 and during that time the audit has not been formally tendered. The Committee recognises the requirements regarding the retendering of audit services at least once every ten years for companies in the FTSE 350 and confirms that it will comply with the transitional arrangements published by the Competition and Markets Authority. Given the recent appointment of a new Chief Financial Officer, the Committee believes that the most appropriate timing to conduct an audit tender would be at the time when the current audit partner is required to stand down (i.e. in 2019), or earlier, if appropriate circumstances arise. Fidessa is also cognisant of EU regulations which require a mandatory rotation of the Company's external auditor by 2020. The Committee maintains appropriate contact with potential alternative suppliers for audit services.

Internal control

The principal risks and uncertainties facing Fidessa are set out in the Strategic Report. The Board is ultimately responsible for the internal control and risk management systems and for reviewing their effectiveness. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

As required by the Code, the Committee has reviewed the system of internal controls and risk management, as well as internal financial controls. The Committee is of the view that there is an ongoing process for identifying, evaluating and managing principal risks and that this has been in place for the period under review and up to the date of approval of the Annual Report. Fidessa has established risk management and internal control systems that are compliant with the current governance provisions.

The Board's agenda includes a formal review of risk and risk management. In addition, the Board regularly reviews reports from the Chief Executive and Chief Financial Officer that address business issues including any relating to risk and risk management actions being taken or required to be taken by Fidessa.

Business unit performance, principal risks, risk management and internal control systems are monitored by regular Operating Board meetings. Senior managers are responsible for the identification and evaluation of principal risks applicable to their areas of business, together with the design and operation of suitable risk management and internal control systems. The principal risks are assessed on a continual basis and may be associated with a variety of internal or external sources including competition, control weaknesses or failings, disruption in information systems, natural catastrophe and regulatory requirements. The Governance, Risk and Compliance Committee, which comprises senior managers across Fidessa and is chaired by the Group General Counsel, has day to day responsibility for cyber security and oversight of the risk management activities and reports regularly to the Committee and to the Operating Board. The Committee also reviews a report of the activities of the Governance, Risk and Compliance Committee.

Fidessa has developed and implemented a quality management system to document the Group's best business practices. This system is independently audited on a regular basis and satisfies the requirements of the international standard ISO 9001:2008. The system is reviewed by management on a six monthly basis to consider its continued suitability, adequacy and effectiveness. Additionally, management regularly assesses the requirement to conduct additional external operational audits in the regions in which the Group operates, with the UK, US and Canadian operations continuing their track records of successfully completing the ISAE 3402/SSAE 16 audits during the year. The directors believe these audits are particularly important to customers in enabling them to satisfy their Sarbanes-Oxley, and other equivalent, requirements when using a Fidessa solution.

Fidessa has strong cash generation, a strong cash balance and no debt. The controls over the use of the cash resources and the counterparty exposure of where it is deposited are determined by the treasury policy established by the Board.

A comprehensive budgetary process is completed once a year and is reviewed and approved by the Board. An updated forecast is regularly prepared throughout the year. The operating results are reported monthly to the Board and compared to the budget and latest forecast as appropriate. Fidessa presents financial statements to its shareholders twice a year.

The financial risk management is more fully described in note 21 to the consolidated financial statements.

Internal audit

The Committee focuses the activity of the internal auditor on those primarily financial areas where it considers the need to review controls, test processes and monitor risk levels. Fidessa engages an external consultant, who reports directly to the Committee, to conduct these internal audits. During the year the Committee agreed the internal audit work plan and reviewed the reports from the internal auditor of work done, recommendations for control improvements together with corrective action planned. It also considered the effectiveness and independence of the internal auditor and concluded that they are satisfactory.

Additionally, the Committee has reviewed the various operational audit reports prepared by independent third parties and concluded that they are satisfactory.

Directors' and corporate governance report continued

Nominations Committee's report

Membership, meetings and evaluation

During the year, the Nominations Committee, which is chaired by John Hamer, comprised John Hamer, Ron Mackintosh, Elizabeth Lake and John Worby and is therefore compliant with the requirements of the Code. As announced by the Company on 11th January 2016, Ken Archer became a member of the Committee on 8th January 2016.

The performance of the Committee was evaluated as part of the Board evaluation process during the year and the conclusion was that the Committee was functioning effectively.

Responsibilities

The Committee operates within its terms of reference, which are reviewed and updated annually and are available at www.fidessa.com/investor-relations/nominations-committee.

The Committee's main responsibilities are to advise and make recommendations to the Board on the following matters:

- the size, structure and composition of the Board;
- succession planning of Board members;
- the appointment of external consultants where appropriate; and
- the appointment of new directors and the re-appointment of existing directors.

Matters considered during the year

During 2015, the Committee:

- considered and recommended to the Board the appointment of Andy Skelton as the new Chief Financial Officer. Andy's appointment was facilitated through the use of independent search firm, Russell Reynolds Associates.
- considered and reported to the Board the recommendations following the 2015 external Board evaluation.

In relation to appointments and diversity, the Nominations Committee's conclusions originally reported in 2012 continue to apply, namely that while diversity – including gender diversity – is important when reviewing the composition of the Board and possible new appointees, the single most important factor is to identify and recruit people based on merit. The Nominations Committee continues to note that achieving diversity in certain sectors, including the technology sector, presents particular challenges when considering the profile of the available talent pool in those sectors. Accordingly, the Board confirms that it is still not in favour of setting specific targets for Board diversity to be achieved by particular dates.

Currently there is one female member of the Board representing 13% of Board membership which will increase to 14%, following the retirement of Andy Malpass from the Board in February 2016.

Other statutory disclosures

In accordance with Section 414C(11) of the Companies Act 2006, to the extent they are not addressed in the Directors' and Corporate Governance Report, the disclosures relating to the following matters are included in the Strategic Report: current and proposed product development and investment; risk management; equal opportunities for disabled persons, employee engagement; environmental matters, including greenhouse gas emissions; and corporate social responsibility.

The financial results and position are shown in the financial statements. A fuller explanation of the results, including the recommended dividend and financial position, is provided in the Overview, the Finance Review, the Market Review and Outlook sections of the Strategic Report and the notes to the financial statements.

Total expenditure on product development is set out in note 6 to the consolidated financial statements.

No political donations were made by Fidessa during 2015 (2014: nil).

There are no off-balance sheet arrangements. Details of the trusts relating to Fidessa's share incentive plans, including any rights relating to the shares held by those trusts, are set out in note 16 to the consolidated financial statements.

For the purposes of LR9.8.4C R, the information required to be disclosed by LR9.8.4 R can be found in the following locations:

Section	Topic	Location
1	Interest capitalised	Not applicable
2	Publication of unaudited financial information	Not applicable
4	Details of long-term incentive schemes	Not applicable
5	Waiver of emoluments by a director	Not applicable
6	Waiver of future emoluments by a director	Not applicable
7	Non pre-emptive issues of equity for cash	Not applicable
8	Section (7) in relation to major subsidiary undertakings	Not applicable
9	Parent participation in a placing by a listed subsidiary	Not applicable
10	Contracts of significance	Directors' report
11	Provision of services by a controlling shareholder	Not applicable
12	Shareholder waivers of dividends	Note 16 to the consolidated financial statements
13	Shareholder waivers of future dividends	Note 16 to the consolidated financial statements
14	Agreements with controlling shareholders	Not applicable

Directors' and corporate governance report continued

Share capital, articles of association and restrictions on transfers of securities

Details of the called-up and fully paid share capital are set out in note 16 to the consolidated financial statements. The rights and obligations attaching to the shares and the powers of the directors are set out in the Articles of Association, copies of which can be obtained from Companies House. There are no restrictions on the voting rights attached to the shares and no person holds securities carrying special rights with regard to control.

The appointment and replacement of directors is governed by the Articles of Association and the Nominations Committee's Terms of Reference. The Articles of Association may be amended by a special resolution.

There are no restrictions on the transfer of securities in the Company, except:

- that certain restrictions may from time to time be imposed by laws and regulations; and
- pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Group require the approval of the Company to deal in the Company's ordinary shares.

Fidessa is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' and Corporate Governance Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is unaware and each director has taken the steps that he or she ought to have taken as a director to ascertain any relevant audit information and to establish that the auditor is aware of that information.

Authority to purchase own shares

At the Annual General Meeting held on 29th April 2015 shareholders approved a general authority to purchase up to 3,817,115 ordinary shares in the market. This represented approximately 10% of the issued ordinary share capital at the time. No purchase of shares has been made pursuant to this authority. There is no present intention to use such authority, but the Board considers it desirable that the possibility of making such purchases under appropriate circumstances remains available. A similar authority will be requested at the forthcoming Annual General Meeting, again limited to a maximum of 10% of the issued share capital. The Board intends only to exercise this authority if it believes that it will lead to an increase in earnings per share for the remaining shareholders.

Significant agreements

The only significant agreements with change of control provisions are the share incentive plans. Under the DABP, MSPP and SIP plans, on a change of control, options and awards would vest in full subject to the satisfaction of any performance conditions at the time. Part of the PSP awards would also vest subject to the satisfaction of any performance conditions at the time but these would be time pro-rated. Other than a limited number of customer contracts that give additional termination rights upon a change of control, Fidessa is not party to any other significant agreements that take effect, alter or terminate upon a change of control following a takeover or upon a takeover bid.

Compliance with the UK Corporate Governance Code

Fidessa is committed to high standards of corporate governance and is subject to the principles of the Code which is published and regularly updated by the Financial Reporting Council (FRC). The latest applicable update was published by the FRC in September 2014 and is available on the FRC website.

In respect of the year ended 31st December 2015 Fidessa has complied with all of the provisions of the Code.

Dialogue with shareholders

Fidessa values the views of its shareholders and recognises their interests in its strategy and performance. The Chief Executive and Chief Financial Officer hold briefing meetings with analysts and institutional shareholders, primarily following the announcement of interim and preliminary results but also at other times during the year as may be suitable. The Chief Executive and Chief Financial Officer provide feedback to the Board from meetings with

shareholders. The Board also obtains formal feedback from analysts and institutional shareholders via Fidessa's PR adviser and financial advisers. Communication with private investors is through the Annual Report and the Annual General Meeting. Financial and other information is made available on the website, www.fidessa.com, which is regularly updated. The Chairman and Senior Independent Non-Executive Director also meet with major shareholders as and when there is a requirement to do so.

Principal shareholders

The following have disclosed that they have an interest in 3% or more of the issued ordinary share capital. As at 12th February 2016, the last holding notified to Fidessa is shown below.

	Ordinary 10p shares	Percentage of issued share capital
Lindsell Train Limited	5,301,301	13.9%
MFS Investment Management	3,929,856	10.3%
The Capital Group Companies, Inc.	2,251,880	5.9%
Kames Capital	2,248,109	5.9%
Schroders plc	2,138,444	5.6%
BlackRock, Inc.	2,020,043	5.3%
Ameriprise Financial, Inc. and its group	1,738,359	4.5%
Prudential plc group of companies	1,629,727	4.3%
Legal & General Group plc	1,425,065	3.7%
FMR LLC	1,243,151	3.2%
DA Taylor	1,153,049	3.0%
Finsbury Growth & Income Trust PLC	1,148,500	3.0%

Going concern and longer term viability

Fidessa's business activities and position in its market are described in the Overview, Business Model and Strategy, Market Review, Outlook and Risks and Uncertainties sections of the Strategic Report. The financial position, cash flows and liquidity position are described in the Finance Review and the notes to the financial statements. In addition, the notes to the financial statements include Fidessa's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit and liquidity risk. Having reviewed the future plans and projections for the business, the principal risks that could impact on Fidessa's liquidity and solvency over the next 12 months and its current financial position, the Board believes that Fidessa is well placed to manage its business risks successfully. Therefore, the Board has a reasonable expectation that Fidessa has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. For this reason, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

In addition to the going concern consideration, the Board has assessed Fidessa's viability over a longer period than 12 months. This assessment was conducted for a period of three years, to December 2018. In selecting three years, consideration was given to the rate of potential change in the sector and the fact that it reflects a period which is longer than the majority of customer contracts. In performing the assessment, Fidessa's long-term strategy and focus, the very high level of recurring revenue and low customer attrition resulting from its business model, the track record of strong cash generation and healthy cash balance with no borrowings were all taken into consideration. The review included stress tests on the future performance and solvency for changes in the base assumptions over the three years and also for the principal risks facing the business in severe but reasonable scenarios. Based on this assessment, the Board has reasonable expectations that Fidessa will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2018. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

Directors' and corporate governance report continued

Directors' responsibilities statement in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Company financial statements on the same basis.

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 Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain transactions and disclose with reasonable accuracy at any time the financial position and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

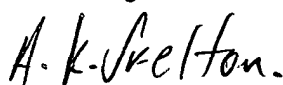
The directors are responsible for the maintenance and integrity of the corporate and financial information included on Fidessa's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU and applicable law, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Directors' and Corporate Governance Report includes a fair review of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board and signed on its behalf by

Andy Skelton
Director



12th February 2016

Independent auditor's report to the members of Fidessa group plc only

Opinion and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Fidessa group plc for the year ended 31st December 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statements of changes in equity and related notes. 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 31st December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatements that had the greatest effect on our audit were as follows:

Revenue recognition (£295.5 million)

Refer to Audit Committee's report, accounting policy (note 2d) and notes to the consolidated financial statements (note 5).

The risk – The group provides its products and services to customers in bundled packages. These packages may contain two or more of the following elements: software rental, consultancy services (including those required to deploy the group's software), market data charges and connectivity services. The allocation of revenue between the different elements of a bundled package can require significant judgement.

Consultancy services, particularly deployment activities, may be provided on a fixed price basis and such services are recognised based on the percentage of completion ("POC"). Determining the POC of the contract, which may include making estimates of cost contingencies, requires significant judgement. Where the products or services are being deployed at multiple customer sites, judgement is required to determine whether the group has fulfilled its obligations associated with each element of revenue across the sites. The allocation of total revenue to the individual elements of the contract and the need to assess the timing of recognition for each element presents a risk of accelerated or delayed recognition of revenue.

Our response – Our audit procedures included:

- We critically assessed the allocation of revenue to the individual elements of the contract by selecting a sample of significant contracts and comparing the relative fair values of each element of the contract.
- For fixed price consultancy services which were not completed at the balance sheet date, we assessed the calculation of the stage of completion. Costs incurred to date primarily include labour costs and our procedures included assessing whether those costs are appropriately allocated to the contracts. We also challenged the assessment of forecast costs to complete. Where contingencies were included in the calculation of costs to complete, we inspected and critically assessed the rationale for the basis for their calculation with the directors and project managers who are responsible for delivering the projects. We also evaluated the historical accuracy of the utilisation of contingencies.

Independent auditor's report to the members of Fidessa group plc only continued

- For contracts where software, connectivity and market data revenue has been recognised during the year, our work focused on assessing whether the internal control process regarding approval of contractual terms had been followed. Our work also focused on assessing whether the group had obtained sufficient evidence that it has fulfilled the relevant obligations under the deployment phase of the contract. This included, for a sample of significant contracts, assessing whether the group had obtained appropriate evidence that the relevant deployment services had been completed and that it was therefore appropriate to recognise revenue.
- We also assessed the adequacy of the disclosures in respect of amounts recognised as revenue during the period or deferred at the balance sheet date.

Goodwill (£44.9 million)

Refer to Audit Committee's report, accounting policy (note 2j) and notes to the consolidated financial statements (note 13).

The risk – There is a risk of irrecoverability of goodwill, because of the inherent uncertainty involved in forecasting and discounting future cash flows, which form the basis for the assessment of the goodwill recoverability. Historical valuations identified that there was significant sensitivity to changes in forecast operating margin and the ability of the buy-side business to achieve its medium-term revenue growth rates.

Our response – Our audit procedures included testing of the budgeting procedures upon which the forecasts used in the discounted cash flow model are based and assessing the integrity of the model. We considered the historical accuracy of key assumptions used in the model by comparing the previous estimates of revenue and cost growth to the actual amounts achieved. We challenged the growth assumptions applied to revenue over the next five years of the cash flow model. We also challenged the assumptions and methodology used to determine the discount rate used in the model. We performed our own break-even analysis on the assumptions and considered the likelihood of the assumptions reaching these break-even points. Our assessment included consideration of the potential risk of bias and consideration of the historical accuracy of the directors' forecasts.

We considered whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuation of goodwill.

Capitalised development costs (£45.2 million)

Refer to Audit Committee's report, accounting policy (note 2j) and notes to the consolidated financial statements (note 13).

The risk – The group capitalises certain costs, primarily the employment costs of its software developers, which are incurred on the development of its software products. In order to determine the amount of cost that should be capitalised, including the proportion of cost associated with its software developers on both new products and enhancements to the group's existing products, the group must assess whether the cost meets the capitalisation criteria set out in the accounting standards. This requires significant judgement.

The group must also apply judgement in determining whether the future net cash flows expected to be derived from the sale of its developed products support the recoverability of the capitalised amounts.

Our response – Our audit procedures included evaluating the design and effectiveness of controls in place to separately identify the time on development activities which is categorised as meeting the capitalisation criteria set out by the accounting standards. On a sample basis, we agreed capitalised amounts to supporting documentation including timesheet data.

We considered whether any recently launched products or those previously under development had been discontinued or their deployment delayed and, where this had occurred, we evaluated whether any impairment of the capitalised costs was required.

We also considered the adequacy of the disclosures in respect of capitalised development costs.

Income tax expense (£9.6 million)

Refer to Audit Committee's report, accounting policy (note 2h) and notes to the consolidated financial statements (note 9).

The risk – Tax provisions require the group to make judgements and estimates in relation to tax issues and exposures. This is one of the key judgemental areas that our audit is concentrated on due to the group carrying out contracts across a number of tax jurisdictions, the complexities of transfer pricing and other international tax legislation and the time taken for tax matters to be agreed with tax authorities.

Our response – Our audit procedures included the use of our own international and local tax specialists to assess the tax positions. Our specialists also considered correspondence with the relevant tax authorities to analyse and challenge the assumptions used to determine tax provisions based on our knowledge and experience of the application of the international and local legislation by the relevant authorities and courts.

We also considered the adequacy of the tax disclosures including any uncertainties relating to recognised tax liabilities and assets.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the group financial statements as a whole was set at £1.7 million, determined with reference to a benchmark of group profit before income tax of £39.1 million, of which it represents 4.3%.

We reported to the Audit Committee any corrected or uncorrected misstatements exceeding £0.1 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's four reporting components, we subjected three to audits for group reporting purposes. These were carried out in the UK, North America and Hong Kong components. The UK audit team performed the work in the UK and North America and the work in Hong Kong was completed by a component auditor. These procedures covered 93% of total revenue; 96% of profit before taxation; and 93% of total assets.

The audits undertaken for group reporting purposes at the key reporting components were all performed to local materiality levels set by, or agreed with, the group audit team. These local materiality levels were set individually for each component and ranged from £0.4 million to £1.0 million.

The group audit team instructed the component auditor in Hong Kong as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back to the group audit team. Telephone meetings were held with the auditor in Hong Kong. On these calls the findings reported to the group audit team were discussed in more detail, and any further work required by the group audit team was then performed by the component auditor.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' remuneration report to be audited, from the section titled Directors' remuneration policy to Directors' remuneration for the year commencing 1st January 2016 inclusive, has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and Directors' and corporate governance report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of going concern and longer-term viability, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 31st December 2018; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

Independent auditor's report to the members of Fidessa group plc only continued

6 We have nothing to report to you in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee's report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statement in relation to going concern and longer-term viability; and
- the part of the corporate governance report relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' responsibilities statement in respect of the Annual Report and the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT



12th February 2016

Consolidated income statement

for the year ended 31st December 2015

	Note	2015 £'000	2014 £'000
Revenue	5	295,479	275,012
Operating expenses before amortisation of acquired intangibles	6	(256,351)	(235,815)
Other operating income		367	335
Operating profit before amortisation of acquired intangibles		39,495	39,532
Amortisation of acquired intangibles		(730)	(730)
Operating profit		38,765	38,802
Finance income		320	288
Profit before income tax		39,085	39,090
Total income tax expense	9	(9,563)	(9,960)
Profit for the year attributable to owners		29,522	29,130
Basic earnings per share	10	77.6p	77.1p
Diluted earnings per share	10	76.5p	75.8p

Consolidated statement of comprehensive income

for the year ended 31st December 2015

	2015 £'000	2014 £'000
Profit for the year from the income statement	29,522	29,130
Other comprehensive income		
Exchange differences arising on translation of foreign operations	1,485	416
Total comprehensive income for the year	31,007	29,546

Consolidated balance sheet

at 31st December 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	23,203	20,401
Intangible assets	13	91,283	89,564
Deferred tax assets	14	7,919	7,813
Other receivables		2,405	2,028
Total non-current assets		124,810	119,806
Current assets			
Trade and other receivables	15	71,885	65,636
Cash and cash equivalents		78,314	76,756
Total current assets		150,199	142,392
Total assets		275,009	262,198
Equity			
Issued capital	16	3,827	3,817
Share premium		31,825	31,017
Merger reserve	16	17,938	17,938
Cumulative translation adjustment	16	2,465	980
Retained earnings		97,395	97,747
Total equity		153,450	151,499
Liabilities			
Non-current liabilities			
Other payables	17	8,486	7,382
Provisions	18	1,990	3,141
Deferred tax liabilities	14	7,109	6,284
Total non-current liabilities		17,585	16,807
Current liabilities			
Trade and other payables	17	96,374	90,855
Provisions	18	947	682
Current income tax liabilities		6,653	2,355
Total current liabilities		103,974	93,892
Total liabilities		121,559	110,699
Total equity and liabilities		275,009	262,198

The consolidated financial statements were approved by the Board of directors on 12th February 2016 and were signed on its behalf by

A Skelton



Fidessa group plc (registered number: 03234176)

Consolidated statement of changes in shareholders' equity

	Note	Issued capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balances at 1st January 2014		3,784	27,921	17,938	564	98,319	148,526
Total comprehensive income for the year							
Profit for the year		-	-	-	-	29,130	29,130
Other comprehensive income		-	-	-	416	-	416
		-	-	-	416	29,130	29,546
Transactions with owners							
Issue of shares - exercise of options	16	33	3,096	-	-	-	3,129
Employee share incentive charges	6	-	-	-	-	2,605	2,605
Current tax recognised direct to equity		-	-	-	-	1,380	1,380
Deferred tax recognised direct to equity		-	-	-	-	(1,447)	(1,447)
Purchase of shares by employee share trusts		-	-	-	-	(1,017)	(1,017)
Sale of shares by employee share trusts		-	-	-	-	21	21
Dividends paid	11	-	-	-	-	(31,244)	(31,244)
Balances at 1st January 2015		3,817	31,017	17,938	980	97,747	151,499
Total comprehensive income for the year							
Profit for the year		-	-	-	-	29,522	29,522
Other comprehensive income		-	-	-	1,485	-	1,485
		-	-	-	1,485	29,522	31,007
Transactions with owners							
Issue of shares - exercise of options	16	10	808	-	-	-	818
Employee share incentive charges	6	-	-	-	-	2,744	2,744
Current tax recognised direct to equity		-	-	-	-	249	249
Deferred tax recognised direct to equity		-	-	-	-	(598)	(598)
Purchase of shares by employee share trusts		-	-	-	-	(630)	(630)
Sale of shares by employee share trusts		-	-	-	-	16	16
Dividends paid	11	-	-	-	-	(31,655)	(31,655)
Balances at 31st December 2015		3,827	31,825	17,938	2,465	97,395	153,450

Consolidated cash flow statement

for the year ended 31st December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit before income tax for the year		39,085	39,090
Adjustments for:			
Staff costs – share incentives	6	2,744	2,605
Depreciation of property, plant and equipment	6	10,732	10,453
Amortisation of product development	6	27,844	26,224
Amortisation of acquired intangibles	6	730	730
Amortisation of other intangible assets	6	283	663
Profit on sale of property, plant and equipment	6	(5)	(219)
Finance income		(320)	(288)
Cash generated from operations before changes in working capital		81,093	79,258
Movement in trade and other receivables		(6,627)	6,048
Movement in trade and other payables		5,889	(1,046)
Cash generated from operations		80,355	84,260
Income tax paid		(4,895)	(13,165)
Net cash generated from operating activities		75,460	71,095
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(13,290)	(11,398)
Proceeds from sale of property, plant and equipment		57	222
Purchase of other intangible assets	13	(269)	(245)
Product development capitalised	13	(30,305)	(27,609)
Interest received on cash and cash equivalents		320	288
Net cash used in investing activities		(43,487)	(38,742)
Cash flows from financing activities			
Proceeds from shares issued		818	3,129
Purchase of shares by employee share trusts		(630)	(1,017)
Proceeds from sale of shares by employee share trusts		16	21
Dividends paid	11	(31,655)	(31,244)
Net cash used in financing activities		(31,451)	(29,111)
Net increase in cash and cash equivalents		522	3,242
Cash and cash equivalents at 1st January		76,756	73,019
Effect of exchange rate fluctuations on cash held		1,036	495
Cash and cash equivalents at 31st December		78,314	76,756

Notes to the consolidated financial statements

Fidessa group plc (Fidessa or the Company), is a company incorporated in England and Wales. The financial statements are presented in sterling, rounded to the nearest thousand.

The financial statements were authorised for issue by the directors on 12th February 2016.

The consolidated financial statements consolidate those of the Company and its subsidiaries.

Fidessa's business activities and position in its market are described in the Overview, Business Model and Strategy, Market Review, Outlook and Risks and Uncertainties sections of the Strategic Report. The financial position, cash flows and liquidity position are described in the Finance Review and the notes to the financial statements. In addition, the notes to the financial statements include Fidessa's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit and liquidity risk. Having reviewed the future plans and projections for the business, the principal risks that could impact on Fidessa's liquidity and solvency over the next 12 months and its current financial position, the Board believes that Fidessa is well placed to manage its business risks successfully. Therefore, the Board has a reasonable expectation that Fidessa has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. For this reason, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS or IFRSs) as adopted by the European Union.

1 Basis of preparation

The financial statements are prepared on the historical cost basis with the exception of financial instruments which are stated in accordance with IAS39 *Financial Instruments: Recognition and Measurement*. The following standards and amendments have been adopted for the first time in these financial statements, none of which had an impact on the consolidated or Company's financial statements:

- IAS19 *Defined Benefit Plans: Employee Contributions (amendments)*.
- Annual Improvements to IFRSs 2010-2012 Cycle - various standards.
- Annual Improvements to IFRSs 2011-2013 Cycle - various standards.

The accounting policies set out below have, unless otherwise stated, been applied consistently in the consolidated and Company financial statements to all periods presented.

2 Significant accounting policies

a Basis of consolidation

The consolidated financial statements include the financial statements of Fidessa group plc and its subsidiaries. There are no associates or joint ventures.

Subsidiaries are entities where the parent company has control over when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred until the date on which control ceases. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the consolidated financial statements continued

b Foreign currency

(i) Foreign currency transactions

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 balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the translation reserve. Exchange gains and losses arising on the translation of the net investment in foreign entities are recognised in the translation reserve. On disposal of a foreign entity the cumulative translation differences are recycled to the income statement and recognised as part of the gain or loss on disposal.

c Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred.

For acquisitions on or after 1st January 2010, goodwill is measured at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the excess is negative, a purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that are incurred in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognised in profit or loss.

For acquisitions between 1st January 2004 and 31st December 2009, goodwill represents the excess of the cost of acquisition over the interest in the recognised amount of identifiable assets, liabilities and contingent liabilities of the acquiree. Transaction costs that were incurred in connection with a business combination were capitalised as part of the cost of the acquisition. Any contingent consideration payable was recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration were recognised as an adjustment to the carrying value of goodwill.

Acquisitions prior to 1st January 2004 were recognised under the previous accounting framework, UK GAAP.

d Revenue

Revenue represents the fair value for consideration received or receivable from customers for software services or product and related manpower, net of discounts and sales related taxes. Revenue is only recognised where there is persuasive evidence that a contract exists, delivery has occurred, the fee is fixed or determinable and collection of the resulting receivable is considered probable. Full allowance is made for all known or expected losses.

Recurring revenue is derived from the provision of software either as a managed service or as a product. Managed services are charged on a subscription basis and the revenue is recognised pro-rata over the period that

the service is provided. Software products are provided as a rental licence and revenue is recognised pro-rata over the period of the licence. Non-recurring revenue is the provision of manpower services for implementation, consultancy, reconfiguration support and training, in all cases being entirely related to Fidessa's software services and products. When the non-recurring items are chargeable on time and materials terms the relevant revenue is recognised as the work is performed. When the non-recurring items are chargeable on fixed price terms the relevant revenue is recognised over the duration of the work in accordance with the estimated percentage complete, based on the anticipated number of days of effort for the implementation. Recurring and non-recurring services can be separately identified from the contracts and the fair value determined respectively.

Deferred revenue represents amounts invoiced to customers for services not yet supplied or rental periods not yet elapsed. Accrued revenue represents amounts recognised as revenue to be invoiced in a future period.

e Share-based payments

A number of equity-settled share plans are operated. The fair value of the awards is recognised as an employee expense over the vesting period with a corresponding increase in equity. The fair value of the awards is measured using a Black-Scholes model, binomial model or a Monte Carlo simulation model, taking into account the terms and conditions of the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards that vest except where forfeiture is only due to the share price not achieving the threshold for vesting.

f Post-employment benefits

Certain subsidiaries operate defined contribution pension schemes for their employees. Pension costs are charged to the income statement as they arise.

g Interest receivable

Interest receivable on interest-bearing financial assets is recognised on an accruals basis using the effective interest rate method. The effective interest rate used reflects the anticipated cash flows to be received.

h Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Notes to the consolidated financial statements continued

i Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. The cost is the purchase price of the goods received. Purchased software that is integral to the related equipment is capitalised as part of that equipment.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

- Furniture and equipment 3 – 5 years
- Leasehold improvements 5 – 10 years or remainder of lease if shorter
- Long leasehold buildings 25 years
- Computers 2 – 3 years

j Intangible assets

Research and product development

Expenditure on research into areas such as potential new technologies, methodologies and architectures is recognised as an expense as incurred. Product development relates to the design, programming and testing of new and enhanced inter-related features in the product suite and the support and issue resolution of features already in the product suite. There is a rolling programme of releases that form part of a continual process of enhancements to and expansion of the overall product suite with a result that there are not defined end dates for elements of the product suite. Product development expenditure relating to new and enhanced features is capitalised as an intangible asset so long as it is probable that the development will provide economic benefits, considering its commercial and technological feasibility, and resources are expected to be available for the development to complete. The expenditure capitalised is the direct labour cost and it is managed and controlled centrally. Product development expenditure relating to the support and issue resolution of features already in the product suite is recognised as an expense as incurred.

Capitalised product development expenditure is stated at cost less accumulated amortisation and impairment. Product development costs that have been capitalised are amortised on a straight-line basis over three years.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the interest in identifiable assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is stated at the amount recognised on acquisition less accumulated impairment.

Acquisition intangibles

Intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition and amortised over their estimated useful economic life. Their carrying value is the fair value at acquisition less cumulative amortisation and impairments. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights. The estimated useful lives of the intangible assets are as follows:

- Customer relationships 10 years

Other intangible assets

Other purchased intangible assets are stated at cost less accumulated amortisation and impairments. The cost is the purchase price of the asset. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Software purchased for internal use is amortised over two years.

k Impairment of assets

Goodwill is allocated to cash generating units that are no larger than an operating segment for the purposes of impairment testing. The recoverable amount of the cash generating unit to which the goodwill relates is estimated and the carrying amount is tested annually for impairment or more frequently when events or changes in circumstances indicate that it might be impaired. The carrying values of assets other than goodwill are reviewed for impairment only when events or changes in circumstances indicate that the carrying value may be impaired.

In an impairment test, the recoverable amount of the cash generating unit or asset is estimated to determine the extent of an impairment. The recoverable amount is the higher of fair value less costs to sell and the value in use. An impairment is recognised to the extent that the carrying value exceeds the recoverable amount.

In determining a cash generating unit's or asset's value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash generating unit or asset that have not already been included in the estimate of future cash flows.

l Leased assets

Where an operating lease is entered into the rentals are charged as an expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

m Investments and financial instruments

Investments in subsidiary companies, which are all unquoted equity investments, are stated at cost less provision for any impairment in value.

A financial instrument is recognised if Fidessa becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when contractual rights to the cash flows from the financial asset expire or if the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. A financial liability is derecognised when obligations specified in the contract expire or are discharged or cancelled.

Where financial guarantee contracts are created to guarantee the indebtedness of subsidiaries, they are considered to be insurance arrangements and are accounted for as such. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that a payment will be required under the guarantee.

n Trade receivables

Trade receivables are stated at amortised cost, their carrying value being reduced by appropriate allowances for estimated irrecoverable amounts.

o Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Notes to the consolidated financial statements continued

p Trade payables

Trade payables are stated at amortised cost.

q Employee share trusts

The trusts and share plan trustees, which purchase and hold shares in connection with employee share plans, are included in the financial statements and presented as a deduction from equity. Any consideration paid or received by them for the purchase or sale of the shares is shown as a movement in equity.

r Provisions and contingent liabilities

A provision is recognised in the balance sheet when a present legal or constructive obligation exists as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material the provision is determined by discounting the expected future cash flows. No provision is recognised when it is not probable that an outflow of economic benefits will be required to settle an obligation or the amount of the obligation cannot be measured with sufficient reliability and instead a contingent liability is disclosed.

3 Recent accounting developments

At the date of approval of these financial statements, the following standards and amendments were issued but not yet mandatory and early adoption has not been applied.

- IAS16 and IAS38 *Clarification of Acceptable Methods of Depreciation and Amortisation (amendments)*.
- IAS16 and IAS41 *Agriculture: Bearer Plants (amendments)*.
- IAS27 *Equity Method in Separate Financial Statements (amendments)*.
- IFRS9 *Financial Instruments*.
- IFRS11 *Accounting for Acquisitions of Interests in Joint Operations (amendments)*.
- IFRS14 *Regulatory Deferral Accounts*.
- IFRS15 *Revenue from Contracts with Customers*.
- IFRS10 and IAS28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)*.
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards.
- IFRS10, IFRS12 and IAS28 *Investment Entities: Applying the Consolidation Exemption (amendments)*.
- IAS1 *Disclosure Initiative (amendments)*.
- IFRS16 *Leases*.

With the exception of IFRS15 and IFRS16 it is considered that the above standards and amendments will not have a significant effect on the consolidated or Company results or net assets. IFRS15 will become effective in January 2018. A detailed evaluation of its potential impact has commenced but it is too early to determine whether adoption of the standard will have significant effect on reported results and financial position. IFRS16 was published in January 2016 and will become effective in January 2019.

4 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions take account of the circumstances and facts at the period end, historical experience of similar situations and other factors that are believed to be reasonable and relevant, the results for which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may ultimately differ from these estimates. The principal estimates and judgements are summarised below. This summary is not a list of all uncertainties, estimates and judgements encountered and others could arise that cause a material adjustment to the carrying value of assets or liabilities.

a Revenue

Fidessa's recurring revenue model means that the majority of revenue is recognised on a systematic basis. However, at any time there is likely to be a limited number of implementations and contract amendments underway where there is uncertainty over the value of revenue to recognise or defer. In these situations a range of factors relevant to the situation are considered in order to determine the value of revenue recognised or deferred. These factors typically include the contractual terms, delivery progress and anticipated remaining effort required, technical complexity and risk, uncertainties still to be resolved and the customer's circumstances.

b Product development expenditure

Fidessa invests on a continual basis in the development of new and enhanced features in the product suite. The rolling programme of product development results in there not being defined end dates for elements of the product suite. Therefore, judgement is required in determining the practice for capitalising and amortising development costs. It is impractical to determine when individual components are complete or first used because of the continual development programme. Therefore, amortisation is applied from the time of development and it is estimated that its effect on the carrying value of product development is not material. These estimates and judgements have been applied consistently year to year. The accounting policy for research and product development is in note 2j and the carrying value of product development capitalised and the amounts capitalised and amortised in the year are detailed in note 13.

c Income taxes

Fidessa operates internationally and therefore spans several tax jurisdictions. In recognising income tax assets and liabilities estimates have to be made of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain and on the expected manner of realisation or settlement of deferred tax assets and liabilities. The circumstances to which the estimates and judgements apply and their application has been consistent year to year. In determining the level of accruals and provisions to be recognised in respect of any potential exposures for various tax liabilities, the directors make estimates of the level of taxes payable, particularly in relation to transfer pricing, non-deductible items and outcomes of tax disputes. The tax obligations, if audited by the tax authorities at a future date, may differ as a result of alternative interpretations. These differences may also impact the level of accruals and provisions recognised.

d Fair values

IFRSs require many assets, liabilities and expenses to be recognised at fair value. This includes intangible assets (note 13) and share-based payments (note 19). Where open market values are not available the fair values are estimates and therefore subject to assumptions and a wide range of interpretation.

e Impairment of goodwill

The determination of whether or not goodwill has been impaired requires a calculation to be made of the value in use of the cash generating unit to which goodwill has been allocated and this calculation to be compared to the carrying value of the cash generating unit. The value in use calculation includes estimates of the future financial performance of the cash generating unit, the discount rate to apply to projected future cash flows, long-term operating margins and long-term growth rates (note 13). Variations in these estimates could result in a material variance in the value in use resulting from the calculation.

Notes to the consolidated financial statements continued

f Expected useful lives

The carrying value of intangible assets and property, plant and equipment and the respective amortisation and depreciation of these assets is affected by the assumptions made in determining the expected useful lives of the assets. A judgement has been made of the useful life of each category of asset and this judgement has been applied consistently year to year. The amortisation and depreciation periods are detailed in notes 2i and 2j and the carrying value of the assets along with the amounts capitalised, amortised and depreciated in the year are detailed in notes 12 and 13.

5 Segment reporting

Fidessa is structured into two business units: Sell-side and Buy-side. The Sell-side business unit provides solutions and tools to support the trading of cash equities and derivatives globally. The solutions are scalable from the largest to the smallest operations in the sector. The Buy-side business unit provides the systems to cover every stage of the investment process for all asset classes. The systems are used by the largest investment managers in the world, as well as some of the boutique and hedge funds. Both business units leverage the connectivity and market data infrastructure.

The Operating Board monitors the performance of the business units and the overall group. It monitors operating profit adjusted to exclude amortisation of acquired intangibles and product development capitalisation and amortisation, which is not an IFRS measure. Finance income, assets and liabilities are not reported by business unit.

No single customer accounts for more than 5% of revenue. Recurring revenue reflects the periodic fees for software and related services that is charged on a rental or subscription basis. Non-recurring revenue comprises the consultancy fees for implementation, configuration and ongoing support activity.

	Sell-side £'000	Buy-side £'000	Total £'000
For the year ended 31st December 2015			
Recurring revenue	235,779	16,752	252,531
Non-recurring revenue	37,810	5,138	42,948
Total revenue from customers	273,589	21,890	295,479
Inter-business unit revenue	-	6,576	6,576
Operating profit as monitored by the Operating Board	33,707	3,327	37,034
	Sell-side £'000	Buy-side £'000	Total £'000
For the year ended 31st December 2014			
Recurring revenue	217,740	17,232	234,972
Non-recurring revenue	34,717	5,323	40,040
Total revenue from customers	252,457	22,555	275,012
Inter-business unit revenue	-	6,840	6,840
Operating profit as monitored by the Operating Board	32,781	5,366	38,147

A reconciliation of the operating profit reported to the Operating Board to profit before income tax is provided as follows:

	2015 £'000	2014 £'000
Operating profit as monitored by the Operating Board	37,034	38,147
Amortisation of acquired intangibles	(730)	(730)
Product development capitalised	30,305	27,609
Product development amortised	(27,844)	(26,224)
Operating profit	38,765	38,802
Finance income	320	288
Profit before income tax	39,085	39,090

Other segmental disclosures:

	Sell-side £'000	Buy-side £'000	Total £'000
For the year ended 31st December 2015			
Depreciation of property, plant and equipment	10,732	-	10,732
Amortisation of intangible assets	23,108	5,749	28,857
Balances at 31st December 2015			
Property, plant and equipment	23,203	-	23,203
Intangible assets	37,351	53,932	91,283
	Sell-side £'000	Buy-side £'000	Total £'000
For the year ended 31st December 2014			
Depreciation of property, plant and equipment	10,453	-	10,453
Amortisation of intangible assets	22,338	5,279	27,617
Balances at 31st December 2014			
Property, plant and equipment	20,401	-	20,401
Intangible assets	35,043	54,521	89,564

Notes to the consolidated financial statements continued

Revenue is attributed to a country based on the ownership of the customer contract and where the work is being performed. The revenue by region is detailed below.

	2015 £'000	2014 £'000
Europe	113,960	114,943
The Americas	124,350	110,701
Asia	57,169	49,368
Total revenue	295,479	275,012

Within the regional analysis the following individual countries have attributed revenue accounting for 10% or more of total revenue.

	2015 £'000	2014 £'000
UK	113,960	114,943
USA	109,476	96,553
Hong Kong	37,849	32,329

6 Operating expenses

	2015 £'000	2014 £'000
Staff costs – salaries	128,287	118,025
Staff costs – social security	10,390	10,264
Staff costs – pension	5,441	4,843
Staff costs – share incentives	2,744	2,605
Staff costs – other benefits	6,966	6,115
Total staff costs	153,828	141,852
Subcontractors	2,058	1,426
Depreciation of property, plant and equipment	10,732	10,453
Amortisation of other intangible assets	283	663
Capitalisation of product development	(30,305)	(27,609)
Amortisation of product development	27,844	26,224
Communications and data	43,145	38,745
Operating lease rentals – property	18,382	17,189
Operating lease rentals – plant and machinery	80	83
Profit on sale of property, plant and equipment	(5)	(219)
Exchange loss	1,075	5
Other operating expenses	29,234	27,003
Operating expenses before amortisation of acquired intangibles	256,351	235,815
Amortisation of acquired intangibles	730	730
Total operating expenses	257,081	236,545

Other operating income represents income from sublet office space.

Included in total staff costs are the direct costs of research and development of £37,674,000 (2014: £35,598,000), which includes the amount capitalised above.

7 Auditor's fees

The following table shows an analysis of fees payable to the auditor:

	2015 £'000	2014 £'000
Audit of these financial statements	53	51
Audits of subsidiaries pursuant to legislation	154	141
Reviews of subsidiaries	67	65
Review of the interim report	44	43
Total audit related activity	318	300
Tax compliance services	17	14
Total fees paid to the auditor	335	314

The non-audit fees represented 5% (2014: 5%) of the audit related fees.

8 Staff numbers

The average number of people employed during the year was as follows:

	2015 Number	2014 Number
Europe	851	804
The Americas	562	545
Asia	328	309
Total average staff numbers in the year	1,741	1,658

The number of people employed at 31st December each year was as follows:

	2015 Number	2014 Number
Delivery	538	507
Support	334	331
Core development and research	479	437
Operations	153	137
Sales	60	69
Marketing	41	40
Management and administration	152	149
Total staff numbers at 31st December	1,757	1,670

Notes to the consolidated financial statements continued

9 Income tax expense

	2015 £'000	2014 £'000
Current tax		
Current year domestic tax	2,376	2,931
Current year foreign tax	7,602	7,915
Adjustments for prior years	(870)	(174)
Total current tax	9,108	10,672
Deferred tax		
Origination and reversal of temporary differences	366	(100)
Adjustments for prior years – tax rate change	(36)	(325)
Adjustments for prior years – other	125	(287)
Total deferred tax	455	(712)
Total income tax in income statement	9,563	9,960

	2015	2015 £'000	2014	2014 £'000
Profit before tax		39,085		39,090
Income tax using the domestic corporation tax rate	20.3%	7,915	21.5%	8,404
Effective tax rates in foreign jurisdictions		3,189		3,359
Expenses not deductible for tax purposes		471		161
Unutilised losses		451		-
Tax incentives		(1,664)		(1,141)
Non-taxable items		(18)		(37)
Adjustment relating to prior years		(781)		(786)
Total income tax and effective tax rate for the year	24.5%	9,563	25.5%	9,960

On 1st April 2015 the UK corporation tax rate reduced from 21% to 20%, resulting in a headline UK corporation tax rate for the year of 20.25%.

The effective tax rate is higher than the UK's headline tax rate due to the geographic mix of countries in which Fidessa operates. Several of these countries have headline tax rates that are greater than that in the UK, the two resulting in the greatest variance for Fidessa being the US and Japan. The effect of overseas income incurring higher tax rates is partially offset by government tax incentives. These arise from enhanced deductions for research and development and for capital expenditure in certain jurisdictions. Fidessa continues to recognise certain provisions and accruals in respect of tax which involve a degree of estimation and uncertainty, including those related to transfer pricing, when the tax treatment cannot finally be determined until accepted by the relevant tax authority. Adjustments relating to prior years arise from the resolution of specific uncertainties, and the remaining risks are appropriately reflected in the recognised provisions and accruals.

The primary influences on Fidessa's effective tax rate are changes in headline tax rates and tax disallowances or incentives in the countries operated in. This is reflected by the correlation between Fidessa's effective tax rate and the UK headline tax rate over the last five years. From 2010 through 2015 Fidessa's effective tax rate has reduced from 30.1% to 24.5% and in the same time the UK headline tax rate has fallen from 28.0% to 20.3%. These are expected to continue to be the primary influences on the effective tax rate into the future.

In 2016, as a result of legislation in the UK, the research and development expenditure incentive will change from being an enhanced deduction to being taxable income. It is anticipated that the net effect on profit after tax will not be material but that this change will result in an increase in both the profit before tax and the effective tax rate in future years.

The UK government has reduced the UK corporation tax rate to 19% with effect from 1st April 2017 and to 18% with effect from 1st April 2020.

	2015 £'000	2014 £'000
Tax recognised direct to equity		
Current tax credit relating to equity-settled share incentives	(249)	(1,380)
Deferred tax debit relating to equity-settled share incentives	598	1,447

10 Earnings per share

Earnings per share have been calculated by dividing profit attributable to owners by the weighted average number of shares in issue during the year, details of which are below. The diluted earnings per share have been calculated using an average share price of 2143p (2014: 2330p) for the year.

	2015 £'000	2014 £'000
Profit attributable to owners	29,522	29,130
Amortisation of acquired intangibles net of deferred tax	584	582
Profit attributable to owners after adjustments	30,106	29,712

	2015 Number '000	2014 Number '000
Weighted average number of shares in issue	38,224	37,988
Weighted average number of shares held by employee share trusts	(200)	(182)
Number of shares used to calculate basic earnings per share	38,024	37,806
Dilution due to share incentives	559	617
Number of shares used to calculate diluted earnings per share	38,583	38,423

Notes to the consolidated financial statements
continued

	2015 Pence	2014 Pence
Basic earnings per share	77.6p	77.1p
Diluted earnings per share	76.5p	75.8p
Basic earnings per share on adjustments	1.6p	1.5p
Diluted earnings per share on adjustments	1.5p	1.5p
Basic earnings per share after adjustments	79.2p	78.6p
Diluted earnings per share after adjustments	78.0p	77.3p

Basic and diluted earnings per share have been adjusted to exclude the amortisation of acquired intangibles. The directors consider that earnings per share after this adjustment provides a better year to year comparison of performance.

11 Dividends paid and proposed

	2015 £'000	2014 £'000
Declared and paid during the year		
Interim 2015 dividend of 13.1 pence per share (interim 2014 dividend of 13.1 pence per share)	4,991	4,960
Final 2014 dividend of 25.0 pence per share (final 2013 dividend of 24.5 pence per share)	9,523	9,266
Special 2014 dividend of 45.0 pence per share (special 2013 dividend of 45.0 pence per share)	17,141	17,018
	31,655	31,244

The directors propose a final dividend of 25.4 pence per share, amounting to an expected final dividend payment of £9,667,000, and a special dividend of 45.0 pence per share, amounting to an expected special dividend payment of £17,126,000. These will be payable on 10th June 2016 to shareholders on the register at the close of business on 13th May 2016, with an ex-dividend date of 12th May 2016. These dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements.

12 Property, plant and equipment

	Furniture, equipment and leasehold improvements £'000	Long leasehold buildings £'000	Computers £'000	Total £'000
Cost				
Cumulative cost at 1st January 2014	40,337	815	50,059	91,211
Exchange adjustment	986	-	1,477	2,463
Additions	3,661	-	7,737	11,398
Disposals	(5,851)	-	(19,267)	(25,118)
Cumulative cost at 1st January 2015	39,133	815	40,006	79,954
Exchange adjustment	889	-	918	1,807
Additions	3,435	-	9,855	13,290
Disposals	(667)	-	(3,826)	(4,493)
Cumulative cost at 31st December 2015	42,790	815	46,953	90,558
Depreciation				
Cumulative depreciation at 1st January 2014	32,388	67	39,652	72,107
Exchange adjustment	880	-	1,228	2,108
Charged in year	2,912	33	7,508	10,453
Disposals	(5,851)	-	(19,264)	(25,115)
Cumulative depreciation at 1st January 2015	30,329	100	29,124	59,553
Exchange adjustment	783	-	727	1,510
Charged in year	3,068	33	7,631	10,732
Disposals	(667)	-	(3,773)	(4,440)
Cumulative depreciation at 31st December 2015	33,513	133	33,709	67,355
Carrying value				
At 31st December 2015	9,277	682	13,244	23,203
At 1st January 2015	8,804	715	10,882	20,401
At 1st January 2014	7,949	748	10,407	19,104

Notes to the consolidated financial statements continued

13 Intangible assets

	2015 £'000	2014 £'000
Carrying value at 31st December		
Goodwill	44,897	44,897
Acquired intangible assets	973	1,703
Product development	45,158	42,697
Software purchased for internal use	255	267
	91,283	89,564

Goodwill

	Total £'000
Carrying value at 1st January 2014, 1st January 2015 and 31st December 2015	44,897

Goodwill acquired in a business combination is allocated to cash generating units which can be no larger than an operating segment. Annual impairment tests are conducted on the carrying value of goodwill, based on the estimated recoverable amount of the cash generating units to which goodwill has been allocated. Value in use calculations are used to estimate the recoverable amount of cash generating units. The key assumptions for the value in use calculations are the discount rate applied, future growth rate of the revenue and the operating margin. These take into account the existing customer base and expected revenue commitments from it, anticipated additional sales to existing and new customers, planned expansion of the product and service offerings to the marketplace and the specific market trends that are currently seen and those expected in the future.

The whole of the goodwill carrying value is allocated to the Buy-side business unit and arose from the acquisition of LatentZero in 2007. It resulted from the value of the assembled workforce, the synergistic nature of the acquisition due to the long-term cross-selling opportunities between the buy-side and sell-side clients, potential cost savings, the expected future growth and the acceleration of operations into the buy-side.

A cash flow forecast is prepared for the following year which is extended to subsequent years based on the estimated growth rate which reflects a reasonable future rate for the business after considering recent trading experience, the benefits of the recurring revenue model, assessing the market opportunities and threats and the potential expansion of the addressable market. The cash flow forecast is discounted by the discount rate which is arrived at after estimating the general risk premium and the specific risk premium for the cash generating unit, current gilt rates and the business's beta factor.

The value in use calculation used the anticipated results from the detailed forecast for the first year followed by 5% per annum growth for the next ten years and concluded with a terminal growth rate of 2%. The expected useful life is materially greater than ten years and therefore the growth rates applied were considered to reflect a cautious long-term average growth rate for the products and services in the addressable market. A discount rate of 8.0% pre-tax (2014: 8.2%) was applied to the cash flow forecast. The discount rate included unchanged estimates of the general and specific risk premiums, no change to the beta factor and a fall in gilt rates. The value in use calculation resulted in an estimated recoverable amount that was 30% greater than the carrying value and exceeded it by £17,000,000. Revised calculations of the estimated recoverable amount were undertaken to consider sensitivities for lower growth rates and lower operating margin. The lower growth rate sensitivity calculation showed that with the growth rate for the whole period set to lower than the terminal rate the value in use remained greater than the carrying value. The results of these sensitivity calculations supported the conclusion that the goodwill had not been impaired.

Acquired intangible assets

	Customer relationships £'000
Cost	
Cumulative cost at 1st January 2014, 1st January 2015 and 31st December 2015	7,300
Amortisation	
Cumulative amortisation at 1st January 2014	4,867
Charged in year	730
Cumulative amortisation at 1st January 2015	5,597
Charged in year	730
Cumulative amortisation at 31st December 2015	6,327
Carrying value	
At 31st December 2015	973
At 1st January 2015	1,703
At 1st January 2014	2,433

Notes to the consolidated financial statements continued

Product development capitalised and software purchased for internal use

	Product development £'000	Software purchased £'000
Cost		
Cumulative cost at 1st January 2014	76,074	4,011
Exchange adjustment	-	69
Additions	27,609	245
Fully expensed	(22,311)	(2,667)
Cumulative cost at 1st January 2015	81,372	1,658
Exchange adjustments	-	40
Additions	30,305	269
Fully expensed	(24,983)	(48)
Cumulative cost at 31st December 2015	86,694	1,919
Amortisation		
Cumulative amortisation at 1st January 2014	34,762	3,326
Exchange adjustment	-	69
Charged in year	26,224	663
Fully expensed	(22,311)	(2,667)
Cumulative amortisation at 1st January 2015	38,675	1,391
Exchange adjustment	-	38
Charged in year	27,844	283
Fully expensed	(24,983)	(48)
Cumulative amortisation at 31st December 2015	41,536	1,664
Carrying value		
At 31st December 2015	45,158	255
At 1st January 2015	42,697	267
At 1st January 2014	41,312	685

Product development relates to the design, programming and testing of new and enhanced inter-related features in the product suite. There is a rolling programme of releases that form part of a continual process of enhancements to and expansion of the overall product suite with a result that there are not defined end dates for elements of the product suite.

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net assets/(liabilities)	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Property, plant and equipment	3,572	3,904	(445)	(156)	3,127	3,748
Intangible assets	-	-	(9,227)	(8,992)	(9,227)	(8,992)
Employee benefits	1,840	2,161	-	-	1,840	2,161
Employee compensation	1,778	1,399	-	-	1,778	1,399
Trade and other payables	2,611	2,432	-	-	2,611	2,432
Other temporary differences	681	781	-	-	681	781
Tax assets/(liabilities)	10,482	10,677	(9,672)	(9,148)	810	1,529
Tax set off	(2,563)	(2,864)	2,563	2,864	-	-
Net tax assets/(liabilities)	7,919	7,813	(7,109)	(6,284)	810	1,529

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and the intention is to settle the balances on a net basis.

Fidessa has unrecognised tax losses of £0.5 million (2014: nil) arising in subsidiaries that are at early stage development. The tax losses may be available for use by offset against future taxable profits in the subsidiaries in which the losses arise. Deferred tax assets have not been recognised in respect of these tax losses as the availability and timing of future profits in these subsidiaries cannot be determined with sufficient certainty.

There are temporary differences which arise in relation to the unremitted earnings of overseas subsidiaries. Since Fidessa is able to control dividend distributions from these companies it is unlikely that further UK tax on repatriation of these earnings will be payable in the foreseeable future. Consequently no deferred tax liability has been provided.

	Balance at 1st January 2015 £'000	Translation adjustment £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2015 £'000
Property, plant and equipment	3,748	83	(704)	-	3,127
Intangible assets	(8,992)	-	(235)	-	(9,227)
Employee benefits	2,161	83	194	(598)	1,840
Employee compensation	1,399	22	357	-	1,778
Trade and other payables	2,432	128	51	-	2,611
Other temporary differences	781	18	(118)	-	681
	1,529	334	(455)	(598)	810

Notes to the consolidated financial statements continued

	Balance at 1st January 2014 £'000	Translation adjustment £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2014 £'000
Property, plant and equipment	4,097	101	(450)	-	3,748
Intangible assets	(9,404)	-	412	-	(8,992)
Employee benefits	3,270	137	201	(1,447)	2,161
Employee compensation	1,810	(27)	(384)	-	1,399
Trade and other payables	1,539	121	772	-	2,432
Other temporary differences	599	21	161	-	781
	1,911	353	712	(1,447)	1,529

15 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	60,711	55,884
Prepayments	8,892	7,824
Accrued revenue	1,328	1,374
Other receivables	954	554
Total trade and other receivables	71,885	65,636

16 Share capital and reserves

	2015 Number	2014 Number	2015 £'000	2014 £'000
Issued share capital at 1st January	38,170,433	37,837,564	3,817	3,784
Issued for share incentives exercised	96,695	332,869	10	33
Issued share capital at 31st December	38,267,128	38,170,433	3,827	3,817

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings. All shares rank equally with regard to residual assets.

Merger reserve

The merger reserve arises from the acquisition of LatentZero Limited in 2007. The merger reserve represents the excess of the fair value over the nominal value of shares issued to acquire at least 90% equity interest in an acquiree company. A purchaser company acquiring at least 90% equity interest in an acquiree company under an arrangement which provides for the allotment of equity shares by the purchaser in return for the equity interest in the acquiree must apply Section 612 of the Companies Act 2006. When applicable, the section requires that the premium on the issue of equity shares by the purchaser company be disregarded. Accordingly, a premium was not recorded on the shares issued but a merger reserve was recognised in the consolidated balance sheet.

Cumulative translation adjustment

The cumulative translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Employee share trusts

The holdings of the employee share trusts utilised to satisfy share plan awards are as follows:

	As at 31st December 2015	As at 31st December 2015	As at 31st December 2014	As at 31st December 2014
	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
Employee Benefit Trust	145,011	0.4%	121,060	0.3%
Share Bonus Trust	-	0.0%	24,557	0.1%
Share Incentive Plan	63,796	0.2%	48,368	0.1%

The Fidessa group plc Employee Benefit Trust is a discretionary trust established for the benefit of employees. It has an independent, professional trustee, RBC cees Trustee Limited, and is financed by advances from Fidessa. The shares held by the trust rank pari passu with all the other shares in issue and have no special rights. The rights to dividends and to vote the shares have been waived by the trust. The trust can satisfy awards and grants from any share plan operated by Fidessa.

The Fidessa group plc Share Bonus Trust was a discretionary trust established for the benefit of participants in the Fidessa group plc Share Bonus Plan (SBP). As there would be no further awards or exercises from the SBP this trust was closed during 2015 and the residual shareholding transferred to the Fidessa group plc Employee Benefit Trust.

The Fidessa group plc Share Incentive Plan is established for the benefit of participants in the SIP. It has an independent, professional trustee, Killik & Co Trustees Limited, and is financed by advances from Fidessa. The share plan purchases shares to match purchases of ordinary shares by participants in the SIP at the same time as the participants acquire their participating shares.

The costs of administering the above trusts are charged to the income statement as incurred.

17 Trade and other payables

	2015 £'000	2014 £'000
Current liabilities		
Trade payables	4,615	4,037
Accrued expenses	29,766	30,485
Other liabilities	2,436	2,416
Deferred revenue	54,646	50,006
Other taxes and social security	4,911	3,911
Total current trade and other payables	96,374	90,855

Notes to the consolidated financial statements continued

	2015 £'000	2014 £'000
Non-current liabilities		
Accrued expenses	698	346
Other liabilities	7,788	7,036
Total non-current trade and other payables	8,486	7,382

18 Provisions

	Property £'000	Other £'000	Total £'000
At 1st January 2015	2,273	1,550	3,823
Exchange adjustment	53	16	69
Released during the year	(203)	(312)	(515)
Arising during the year	210	214	424
Utilised during the year	(328)	(536)	(864)
At 31st December 2015	2,005	932	2,937

	2015 £'000	2014 £'000
Current liabilities	947	682
Non-current liabilities	1,990	3,141
Total provisions	2,937	3,823

The property provision is in respect of office space surplus to Fidessa's short-term requirements, after taking into account any sub-tenant arrangements, plus dilapidation provisions for properties currently in use. Other provisions include a number of employee and legal related amounts. Both property and other provisions are expected to be utilised in one to five years.

19 Share-based payments

Fidessa has share plans whereby employees are granted awards over ordinary shares subject to the vesting of their awards in accordance with the terms of each plan. The PSP, DABP and MSPP were approved by shareholders at the 2011 Annual General Meeting. Each plan was approved by 99% of the votes cast and no votes were withheld. The MSPP and, in the UK, the award of matching shares under the SIP were implemented in 2012 and are relevant to the majority of employees. The first award under the DABP was made in 2012 and the first award under the PSP was made in 2014. These plans replaced the CSOP, EGRIP and SBP from which the last awards were in 2010. All awards from the EGRIP and SBP have expired and the final awards from the CSOP expire in 2017.

Performance Share Plan (PSP)

This is structured as a grant of conditional shares with a zero exercise price. The maximum for an employee in any year are awards over shares with a total market value of £500,000. The vesting period is four years from the date of grant. The awards vest based on the satisfaction of an earnings per share growth performance condition, which requires the cumulative four year adjusted basic earnings per share to be greater than the equivalent total achieved by applying the annual growth rates in the table below to the base earnings per share year (preceding date of grant). At the lower threshold, 25% of an award vests with a straight-line scale to 100% vesting at the higher threshold.

Compound annual growth in EPS	% of award vesting
Less than 8%	0%
8%	25%
Between 8% and 15%	Between 25% and 100%
Greater than 15%	100%

In addition to the earnings per share based performance condition, in the event that the total shareholder return is below that of the FTSE techMARK Index over the performance period, the Remuneration Committee reserves the right to scale back awards if it feels the level of vesting based on the earnings per share performance is, in the opinion of the Remuneration Committee, inappropriate.

The awards have to be called for by an employee normally within three years of vesting, thereby giving a maximum seven years' life from grant. However, in some jurisdictions the awards have to be exercised on vesting. The shares can be satisfied by either new issue or market purchases. A clawback provision applies to the plan for reasons of financial misstatement.

The PSP allows early vesting where a participant's employment ceases due to death, injury, disability, the participant's employer no longer being part of the Fidessa group or the Remuneration Committee so decides due to a reason similar in nature to those stated. Pro-rating rules apply to restrict the number of shares in early vesting situations.

The duration of the plan is 10 years from approval at the 2011 Annual General Meeting with a review taking place after five years.

Deferred Annual Bonus Plan (DABP)

Under Part A of this plan, participants receive a proportion of their annual bonus in the form of deferred shares instead of cash. Under Part B of this plan, participants are only eligible to receive a one-off conditional award to acquire shares on or shortly following their joining Fidessa. The market value of shares over which a Part B award is granted may not exceed 200% of annual salary. The shares vest to the employee after three years subject to continued employment with Fidessa through the period and, in the case of Part B, subject to the satisfaction of any performance conditions applied by the Remuneration Committee. A clawback provision applies to the plan for reasons of financial misstatement.

The DABP allows early vesting where a participant's employment ceases due to death, injury, disability, the participant's employer no longer being part of the Fidessa group or the Remuneration Committee so decides due to a reason similar in nature to those stated.

The duration of the plan is 10 years from approval at the 2011 Annual General Meeting with a review taking place after five years.

Share Incentive Plan (SIP)

The plan is only available to participants who are resident in the UK for tax purposes due to the tax incentives associated with the SIP. Relevant employees are able to purchase up to £125 per month. Trust purchases of shares take place once a month and after three years an equal number of matching free shares are applied so long as there is continued employment throughout. In the event that a participant ceases to be a Fidessa employee prior to the third anniversary of each purchase the matching shares that have not yet reached their third anniversary of purchase are forfeited.

Notes to the consolidated financial statements continued

Monthly Share Purchase Plan (MSPP)

The MSPP follows principles similar to the UK tax approved SIP and applies to the majority of employees across multiple countries. The MSPP operates alongside the SIP in the UK with the MSPP being used for any higher levels of monthly purchase. Employees are able to purchase up to a set value of shares each month into a trust. Trust purchases of shares take place once a month and in September of the third calendar year following the employee's contribution an equal number of matching free shares are applied so long as there has been continued employment throughout.

The MSPP allows early vesting where a participant's employment ceases due to death, injury, disability, the participant's employer no longer being part of the Fidessa group or the Board so decides due to a reason similar in nature to those stated.

The duration of the plan is 10 years from approval at the 2011 Annual General Meeting with a review taking place after five years.

Company Performance Related Share Option Plan

This plan was introduced in 1997 and the last grant was made in 2005. The vesting of the market price share options granted under this plan was conditional on continued employment of three and four years after the grant of the option.

Company Share Option Plan 2006 (CSOP)

This plan was introduced in 2006 and the last grant was made in 2010. Market price share options granted under this plan are subject to a performance condition that requires the cumulative four year adjusted diluted earnings per share to be greater than the equivalent total achieved by applying an annual growth rate of 5% to the adjusted diluted earnings per share for the year preceding grant.

Exceptional Growth Rate Incentive Plan (EGRIP)

The plan was introduced in 2006 and the last award under it was made in 2010. An EGRIP award represented a right to acquire shares at nominal value subject to stretching performance conditions being satisfied.

The first performance condition required the average share price plus dividends reinvested over the five year period commencing on the award date to be greater than the average derived if the share price was to increase on a uniform basis of 20% per annum compound growth over the same five year period. The starting share price was the average share price plus dividends reinvested for the 12 months prior to the award date.

The second performance condition required the cumulative adjusted diluted earnings per share over the five years commencing with the award year to be greater than the equivalent total achieved over a five year period by applying a growth rate of 10% per annum to the adjusted diluted earnings per share achieved in the year prior to the award.

The third performance condition required the annualised total shareholder return over the five year period commencing on the award date to be greater than the annualised equivalent achieved by the FTSE techMARK All-Share Index, during the same five year period, plus 5%.

In the event that a participant ceases to be a Fidessa employee all unvested awards granted to the participant under the EGRIP will be forfeited.

Dilution limits

The total permitted dilution across the PSP, DABP, MSPP and SIP is 10% in the 10 years commencing 6th May 2011 or 7% in the first five years of operation of these plans. In addition, the potential dilution from awards granted in a calendar year cannot exceed 1.6%. As at 31st December 2015 the maximum potential dilution from awards granted across these plans to date is 1.5%.

The total permitted dilution under the CSOP was 8% during the life of the plan; as at 31st December 2015 the maximum potential dilution is 3.5%, with the outstanding share options element of this representing 0.7%. The total permitted dilution under the EGRIP was 6% during the life of the plan; there are no options outstanding and the total dilution incurred under the plan was 2.2%.

Fair values and awards outstanding

All share plan awards are over ordinary shares. The fair value of awards is recognised as an expense with a corresponding increase in equity. The expense is recognised equally over the time from grant until vesting.

For share awards under the CSOP the fair value has been measured using a binomial model. The expected volatility was based on the historic volatility adjusted for any expected changes to future volatility. The inputs to and output from the model are listed below:

CSOP	Granted in 2010
Fair value	299p
Share price at grant	1421p
Exercise price	1421p
Expected volatility	30%
Expected life	5 years
Expected dividends per annum	3.0%
Risk-free rate of return per annum	2.0%

The fair value of awards under the EGRIP has been measured using a Monte Carlo simulation model. The expected volatility was based on the historic volatility adjusted for any expected changes to future volatility. The inputs to and output from this model are listed below:

EGRIP	Granted in 2010
Fair value	256p
Share price at grant	1421p
Exercise price	10p
Expected volatility	30%
Expected life	5 years
Expected dividends per annum	3.0%
Risk-free rate of return per annum	2.0%

Notes to the consolidated financial statements continued

For share awards under the DABP, MSPP, SIP and PSP the fair value has been measured using a Black-Scholes model. The expected volatility was based on the historic volatility adjusted for any expected changes to future volatility. The inputs to and output from the model are listed below:

DABP	Granted in 2012	Granted in 2013	Granted in 2014	Granted in 2015
Fair value	1645p	1941p	2517p	1934p to 2303p
Share price at grant	1645p	1941p	2517p	1934p to 2303p
Expected volatility	30%	28%	28%	28%
Expected life	3 years	3 years	3 years	3 years
Expected dividends per annum	3.8%	4.6%	4.6%	4.5%

MSPP	Granted in 2012	Granted in 2013	Granted in 2014	Granted in 2015
Fair value	1176p to 1505p	1356p to 1952p	1823p to 2283p	1585p to 2071p
Share price at grant	1305p to 1719p	1554p to 2160p	2088p to 2660p	1801p to 2435p
Expected volatility	30%	28%	28%	28%
Expected life	3 years	3 years	3 years	3 years
Expected dividends per annum	3.8%	4.6%	4.6%	4.5%

SIP	Granted in 2012	Granted in 2013	Granted in 2014	Granted in 2015
Fair value	1330p to 1664p	1587p to 2262p	2089p to 2590p	1791p to 2405p
Share price at grant	1330p to 1664p	1587p to 2262p	2089p to 2590p	1791p to 2405p
Expected volatility	30%	28%	28%	28%
Expected life	3 years	3 years	3 years	3 years
Expected dividends per annum	3.8%	4.6%	4.6%	4.5%

PSP	Granted in 2014
Fair value	1940p to 2126p
Share price at grant	2555p
Expected volatility	28%
Expected life	4-6 years
Expected dividends per annum	4.6%

Awards under the CSOP subsisting at 31st December 2015 were:

Grant year	Options at 1st January 2015	Exercised in year	Expired in year	Options at 31st December 2015	Exercise price p	Vested at 31st December 2015	Remaining life
2005	11,768	(11,768)	-	-	632p	-	0 years
2009	114,871	(20,212)	(1,375)	93,284	1154p	93,284	1 year
2010	208,783	(36,543)	(884)	171,356	1421p	171,356	2 years

For CSOP options exercised in 2015 the weighted average share price at the time of exercise was 2226p (2014: 2311p).

Awards under the EGRIP subsisting at 31st December 2015 were:

Grant year	Options at 1st January 2015	Exercised in year	Expired in year	Options at 31st December 2015	Exercise price p	Vested at 31st December 2015	Remaining life
2010	243,250	-	(243,250)	-	10p	-	0 years

No EGRIP options were exercised in 2015. For EGRIP options exercised in 2014 the weighted average share price at the time of exercise was 2314p.

Awards under the DABP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Dividend shares applied in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2012	37,579	-	409	(24,560)	(1,370)	12,058	12,058	4 years
2013	187,474	-	5,487	(163)	(11,203)	181,595	-	5 years
2014	48,026	-	1,677	-	(1,345)	48,358	-	6 years
2015	-	91,450	2,546	-	(1,103)	92,893	-	7 years

For DABP awards exercised in 2015 the weighted average share price at the time of exercise was 2249p (2014: none exercised).

Notes to the consolidated financial statements continued

Matching share awards under the MSPP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2012	25,596	-	(24,950)	(646)	-	-	0 years
2013	23,126	-	(207)	(956)	21,963	-	1 year
2014	20,486	-	-	(970)	19,516	-	2 years
2015	-	25,109	-	(738)	24,371	-	3 years

For MSPP awards exercised in 2015 the weighted average share price at the time of exercise was 1879p (2014: none exercised).

Matching share awards under the SIP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2012	17,006	-	(634)	(752)	15,620	15,620	0 years
2013	16,067	-	(223)	(772)	15,072	-	1 year
2014	14,933	-	(185)	(726)	14,022	-	2 years
2015	-	18,506	(193)	(343)	17,970	-	3 years

For SIP awards exercised in 2015 the weighted average share price at the time of exercise was 2019p (2014: 2315p).

Awards under the PSP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2014	265,500	-	-	(6,500)	259,000	-	3-6 years

20 Related party transactions

There are no transactions with related parties who are not members of the Fidessa group.

The total remuneration of the directors was £1,735,000 (2014: £1,714,000). The remuneration of directors and other members of key management during the year was as follows:

	2015 £'000	2014 £'000
Short-term employee benefits	4,994	5,048
Post-employment benefits	36	36
Equity compensation benefits	493	480
Total remuneration of directors and key management	5,523	5,564

21 Financial risk management

The use of financial instruments is managed under policies and procedures approved by the Board. These policies are designed to reduce the financial risks being faced, which primarily relate to credit, interest, liquidity and currency risks, and arise in the normal course of business.

Credit risk

Financial instruments which potentially expose Fidessa to credit risk consist primarily of cash equivalents and trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. At the balance sheet date, there were no significant concentrations of customer credit risk. The largest customer accounts for less than 5% of revenue and the 10 largest customers account for less than 30% of revenue.

Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria as specified in Fidessa's treasury policy. The policy limits the maximum deposit with a counterparty and the maximum duration of a deposit.

The trade receivables as at 31st December are aged as in the table below.

	2015 £'000	2014 £'000
Not due	46,935	42,334
Not more than three months past due	11,311	10,583
More than three months but not more than six months past due	1,256	1,206
More than six months past due	1,209	1,761
Total trade receivables	60,711	55,884

Material trade receivable balances relate to sales transactions with financial institutions. Credit to customers is provided in the normal course of business and the amount that appears in the balance sheet is net of an allowance for specific doubtful receivables, the allowance generally being due to concerns regarding a customer's solvency or the age of a receivable. In most situations where a receivable is aged but no specific allowance has been made for it, no revenue has been taken and it forms part of the deferred revenue balance. Collateral is not required in respect of financial assets.

Notes to the consolidated financial statements continued

Allowances are made when the settlement of a receivable becomes doubtful and the potential exposure is not covered by a related amount in deferred revenue. The movement in the allowance for doubtful receivables is in the table below.

	2015 £'000	2014 £'000
Allowance for doubtful receivables at 1st January	1,555	1,422
Exchange adjustment	46	51
Allowances released in the period	(1,109)	(1,173)
New allowances made in the period	597	1,255
Allowance for doubtful receivables at 31st December	1,089	1,555

Liquidity risk

The following are the contractual maturities of financial liabilities.

	Trade payables		Accrued expenses	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
3 months or less	4,481	3,829	27,777	28,891
3 to 12 months	134	208	1,989	1,594
Greater than one year	-	-	698	346
Carrying value	4,615	4,037	30,464	30,831

It is expected that the cash flows included in the maturity analysis will not arise materially earlier or at significantly different values.

Interest receivable and payable

Fidessa holds net funds and hence its interest risks are associated with short-term cash deposits. The overall objective with respect to these deposits is to maintain a balance between security of the funds, accessibility of funds and competitive rates of return. In practice, this means that deposits are unlikely to be made with a maturity date greater than three months. All deposits are at current market rates.

There are no borrowings due to the cash reserves and strong cash generation of the business.

Foreign currency risk

Fidessa operates internationally and is exposed to foreign currency risk on transactions denominated in a currency other than the functional currency and on the translation of the balance sheet and income statement of foreign operations into sterling. The currencies giving rise to this risk are primarily US dollars and yen. Revenue is split 56% in US dollars, 30% in sterling, 5% in yen and 9% in other currencies. The trade debtor currency exposure is consistent with the split of revenue by currency.

In managing currency risks the aim is to reduce the impact of short-term fluctuations on the cash inflows and outflows in a foreign currency. There are both cash inflows and outflows in these currencies that create a high level of natural hedge. Hedging contracts have not been entered into for cash positions denominated in foreign currencies.

Over the longer term, permanent changes in foreign exchange would have an impact on consolidation of foreign subsidiaries earnings. It is estimated that a general increase of one percentage point in the value of sterling against other currencies would have decreased the profit before tax by approximately £208,000 for the year ended 31st December 2015 (2014: £197,000).

Capital management

The Board monitors the total equity, distributable reserves and the cash and cash equivalents balance in considering its retained capital along with when and how a return of capital to shareholders is appropriate. A strong capital base is maintained so as to provide employee, customer, market, investor and creditor confidence in the business and to ensure that it continues to operate as a going concern. Fidessa has strong cash generation due to being consistently profitable and non-acquisitive in nature. The annual dividend has a pay-out ratio of approximately 45% which provides a reasonable return to shareholders whilst also providing funds for potential acquisitions and replenishing the cash balance. However, in the absence of acquisitions, Fidessa has a track record of returning the additional cash to shareholders in the form of special dividends.

Fair values

Unless otherwise disclosed, there is no significant difference between the carrying values shown in the balance sheet and the fair values of the financial instruments. For current trade and other receivables and payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value. Fidessa does not have any derivative financial instruments and therefore no analysis is required in respect of financial instruments not measured at fair value.

22 Operating leases

At 31st December the outstanding commitments under non-cancellable operating leases were as follows:

	2015 £'000	2014 £'000
Less than one year	17,415	16,768
Between one and five years	50,987	53,569
More than five years	42,487	48,015
Total commitment under operating leases	110,889	118,352

Office space and data centre facilities are leased under operating leases. The lease term typically ranges from three years to 20 years, longer term leases normally having options to break the commitment before the end of the term. Lease terms of greater than five years are often subject to a rent review during the term.

Part of the office space was sublet to an entity outside of the Fidessa group and the rent from this is reflected as other operating income in the consolidated income statement. The sublease expires in 2018.

Company balance sheet

at 31st December 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Investments	4	65,818	65,818
Deferred tax assets	5	13	20
Total non-current assets		65,831	65,838
Current assets			
Trade and other receivables	6	1,834	130
Income tax receivable		1,515	2,591
Cash and cash equivalents		46,526	49,858
Total current assets		49,875	52,579
Total assets		115,706	118,417
Equity			
Issued capital	8	3,827	3,817
Share premium		31,825	31,017
Merger reserve	8	17,938	17,938
Retained earnings		59,634	50,351
Total equity		113,224	103,123
Liabilities			
Non-current liabilities			
Other payables	7	19	19
Total non-current liabilities		19	19
Current liabilities			
Trade and other payables	7	2,463	15,275
Total current liabilities		2,463	15,275
Total liabilities		2,482	15,294
Total equity and liabilities		115,706	118,417

The financial statements were approved by the Board of directors on 12th February 2016 and were signed on its behalf by

A Skelton



Fidessa group plc (registered number 03234176)

Company statement of changes in shareholders' equity

	Note	Issued capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balances at 1st January 2014		3,784	27,921	17,938	52,581	102,224
Total comprehensive income for the year						
Profit and total comprehensive income for the year		-	-	-	27,455	27,455
Transactions with owners						
Issue of shares – exercise of options	8	33	3,096	-	-	3,129
Employee share incentive charges – Company		-	-	-	(25)	(25)
Employee share incentive charges – subsidiaries		-	-	-	2,630	2,630
Current tax recognised direct to equity		-	-	-	7	7
Deferred tax recognised direct to equity		-	-	-	(57)	(57)
Purchase of shares by employee share trusts		-	-	-	(1,017)	(1,017)
Sale of shares by employee share trusts		-	-	-	21	21
Dividends paid	8	-	-	-	(31,244)	(31,244)
Balances at 1st January 2015		3,817	31,017	17,938	50,351	103,123
Total comprehensive income for the year						
Profit and total comprehensive income for the year		-	-	-	38,815	38,815
Transactions with owners						
Issue of shares – exercise of options	8	10	808	-	-	818
Employee share incentive charges – Company		-	-	-	-	-
Employee share incentive charges – subsidiaries		-	-	-	2,744	2,744
Deferred tax recognised direct to equity		-	-	-	(7)	(7)
Purchase of shares by employee share trusts		-	-	-	(630)	(630)
Sale of shares by employee share trusts		-	-	-	16	16
Dividends paid	8	-	-	-	(31,655)	(31,655)
Balances at 31st December 2015		3,827	31,825	17,938	59,634	113,224

Company cash flow statement

for the year ended 31st December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit before income tax for the year		38,334	27,480
Adjustments for:			
Staff costs – share incentives		-	(25)
Dissolution of subsidiary		-	37
Finance income		(283)	(69)
Cash generated from operations before changes in working capital		38,051	27,423
Movement in trade and other receivables		1,041	5,597
Movement in trade and other payables		(12,812)	13,189
Cash generated from operations		26,280	46,209
Income tax refunded/(paid)		1,556	(158)
Net cash generated from operating activities		27,836	46,051
Cash flows from investing activities			
Interest received on cash and cash equivalents		283	69
Net cash generated in investing activities		283	69
Cash flows from financing activities			
Proceeds from shares issued		818	3,129
Purchase of shares by employee share trusts		(630)	(1,017)
Proceeds from sale of shares by employee share trusts		16	21
Dividends paid	8	(31,655)	(31,244)
Net cash used in financing activities		(31,451)	(29,111)
Net (decrease)/increase in cash and cash equivalents		(3,332)	17,009
Cash and cash equivalents at 1st January		49,858	32,849
Cash and cash equivalents at 31st December		46,526	49,858

Notes to the Company financial statements

The Company has presented separate financial statements in accordance with IFRS, as permitted by the Companies Act 2006. The Company financial statements present information about the Company as a separate entity and not about its group. In publishing the financial statements the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes when the consolidated income statement has been presented. The principal activity is that of a holding company. The financial statements are presented in sterling, rounded to the nearest thousand.

The financial statements were authorised for issue by the directors on 12th February 2016.

The directors believe that the Company is well placed to manage its business risks successfully despite macroeconomic and geopolitical uncertainties. It has considerable financial resources and no borrowings. As a consequence of these factors and having reviewed the forecasts for the coming year, the directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

1 Basis of preparation

The financial statements are prepared on the historical cost basis with the exception of financial instruments which are stated in accordance with IAS39 *Financial Instruments: Recognition and Measurement*.

2 Significant accounting policies

The accounting policies as set out in note 2 to the consolidated financial statements have been applied in the preparation of these financial statements.

3 Auditor's fees

	2015 £'000	2014 £'000
Audit of these financial statements	53	51
Review of the interim report	12	11
Total fees paid to the auditor	65	62

Notes to the Company financial statements continued

4 Investments

	2015 £'000	2014 £'000
Investments in subsidiaries at 1st January	65,818	65,855
Dissolution of subsidiary	-	(37)
Employee share incentive charges – subsidiaries	2,744	2,630
Employee share incentive reimbursements – subsidiaries	(2,744)	(2,630)
Investments in subsidiaries at 31st December	65,818	65,818

The subsidiary undertakings at 31st December 2015, all being engaged in developing and selling computer software and providing associated services, are in the table below. All principally operate in their country of incorporation.

	Country of incorporation	Proportion of ordinary share capital held
Fidessa plc	England and Wales	100%
Fidessa Buy-side Limited	England and Wales	100%
Fidessa software limited	England and Wales	100%
Fidessa investments limited	England and Wales	100%
Fidessa corporation	USA	100%
Fidessa Buy-side Incorporated	USA	100%
Fidessa US corporation	USA	100%
Fidessa Limited	Hong Kong	100%
Fidessa kk	Japan	100%
Fidessa SAS	France	100%
Fidessa Canada corporation	Canada	100%
Fidessa Pte Limited	Singapore	100%
Fidessa Pty Limited	Australia	100%
Fidessa Trading Systems Private Limited	India	100%
Fidessa Soluções Em Software Limitada	Brazil	100%

5 Deferred tax assets

	Balance at 1st January 2015 £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2015 £'000
Employee benefits	20	-	(7)	13
	20	-	(7)	13

	Balance at 1st January 2014 £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31st December 2014 £'000
Property, plant and equipment	1	(1)	-	-
Employee benefits	91	(14)	(57)	20
	92	(15)	(57)	20

6 Trade and other receivables

	2015 £'000	2014 £'000
Amounts due from subsidiaries	1,622	-
Other receivables	212	130
Total trade and other receivables	1,834	130

7 Trade and other payables

	2015 £'000	2014 £'000
Current liabilities		
Trade payables	99	93
Amount due to subsidiaries	-	13,306
Accrued expenses	585	725
Other liabilities	5	5
Other taxes and social security	1,774	1,146
Total trade and other payables	2,463	15,275
Non-current liabilities		
Other liabilities	19	19
Total trade and other payables	19	19

8 Share capital, reserves and dividends

The movements in share capital and reserves are set out in note 16 to the consolidated financial statements. Details of dividends paid and proposed are set out in note 11 to the consolidated financial statements.

9 Share-based payments

A full description of the share plans operated for employees is in note 19 to the consolidated financial statements. All share plan awards are over ordinary shares. The fair value of awards is recognised as an expense with a corresponding increase in equity. The expense is recognised equally over the time from grant until vesting.

Notes to the Company financial statements continued

The fair value of awards under the EGRIP has been measured using a Monte Carlo simulation model. The expected volatility was based on the historic volatility adjusted for any expected changes to future volatility. The inputs to and output from this model are listed below:

EGRIP	Granted in 2010
Fair value	256p
Share price at grant	1421p
Exercise price	10p
Expected volatility	30%
Expected life	5 years
Expected dividends per annum	3.0%
Risk-free rate of return per annum	2.0%

For share awards under the SIP, PSP and DABP the fair value has been measured using a Black-Scholes model. The expected volatility was based on the historic volatility adjusted for any expected changes to future volatility. The inputs to and output from the model are listed below:

SIP	Granted in 2012	Granted in 2013	Granted in 2014	Granted in 2015
Fair value	1330p to 1664p	1587p to 2262p	2089p to 2590p	1791p to 2405p
Share price at grant	1330p to 1664p	1587p to 2262p	2089p to 2590p	1791p to 2405p
Expected volatility	30%	28%	28%	28%
Expected life	3 years	3 years	3 years	3 years
Expected dividends per annum	3.8%	4.6%	4.6%	4.5%

PSP	Granted in 2014
Fair value	1940p
Share price at grant	2555p
Expected volatility	28%
Expected life	6 years
Expected dividends per annum	4.6%

DABP	Granted in 2015
Fair value	1975p
Share price at grant	1975p
Expected volatility	28%
Expected life	3 years
Expected dividends per annum	4.5%

Awards under the EGRIP subsisting at 31st December 2015 were:

Grant year	Options at 1st January 2015	Exercised in year	Expired in year	Options at 31st December 2015	Exercise price p	Vested at 31st December 2015	Remaining life
2010	30,000	-	(30,000)	-	10p	-	0 years

There were no EGRIP options exercised in either 2014 or 2015.

Matching share awards under the SIP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2012	273	-	-	-	273	-	0 years
2013	231	-	-	-	231	-	1 year
2014	189	-	-	-	189	-	2 years
2015	-	219	-	-	219	-	3 years

Awards under the PSP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2014	15,000	-	-	-	15,000	-	6 years

Awards under the DASP subsisting at 31st December 2015 were:

Award year	Outstanding at 1st January 2015	Granted in year	Exercised in year	Expired in year	Outstanding at 31st December 2015	Vested at 31st December 2015	Remaining life
2015	-	10,000	-	-	10,000	-	7 years

Notes to the Company financial statements continued

10 Related party transactions

Fidessa group plc has a related party relationship with its subsidiaries and with its directors and members of key management. There are no transactions with related parties who are not members of the Fidessa group. The remuneration of individual directors is disclosed in the Directors' Remuneration Report. The amounts owed by and owed to its wholly owned subsidiaries are disclosed in notes 6 and 7 to these financial statements.

Fidessa group plc leases office premises and provides treasury management on behalf of the Fidessa group. Rent and services have been charged at cost and in 2015 totalled £1,302,000 (2014: £1,571,000).

11 Financial risk management

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks being faced, which primarily relate to credit, interest and liquidity, which arise in the normal course of business.

Credit risk

Financial instruments which potentially expose Fidessa to credit risk consist primarily of cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria as specified in Fidessa's treasury policy. The policy limits the maximum deposit with a counterparty.

Liquidity risk

The following are the contractual maturities of financial liabilities.

	Trade payables		Accrued expenses	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
3 months or less	99	93	585	725
Carrying value	99	93	585	725

It is expected that the cash flows included in the maturity analysis will not arise materially earlier or at significantly different values.

Interest receivable and payable

Fidessa holds net funds and hence its interest risks are associated with short-term cash deposits. The overall objective with respect to these deposits is to maintain a balance between security of the funds, accessibility of funds and competitive rates of return. In practice, this means that deposits are unlikely to be made with a maturity date greater than three months. All deposits are at current market rates.

There are no borrowings due to the cash reserves and strong cash generation of the Fidessa group.

Capital management

The Board monitors the total equity, distributable reserves and the cash and cash equivalents balance in considering its retained capital along with when and how a return of capital to shareholders is appropriate. A strong capital base is maintained so as to provide employee, customer, market, investor and creditor confidence in its subsidiaries' businesses and to ensure that it continues to operate as a going concern. Fidessa has strong cash generation due to being consistently profitable and non-acquisitive in nature. The annual dividend has a pay-out ratio of approximately 45% which provides a reasonable return to shareholders whilst also providing funds for potential acquisitions and replenishing the cash balance. However, in the absence of acquisitions, Fidessa has a track record of returning the additional cash to shareholders in the form of special dividends.

Fair values

Unless otherwise disclosed, there is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the financial instruments. For receivables and payables the directors consider that the carrying amount approximates their fair value.

12 Operating leases

At 31st December the outstanding commitments under non-cancellable operating leases were as follows:

	2015 £'000	2014 £'000
Less than one year	4,314	4,670
Between one and five years	20,338	20,247
More than five years	33,642	38,834
Total commitment under operating leases	58,294	63,751

Office space is leased under operating leases. The lease term typically ranges from three years to 20 years, longer term leases normally having options to break the commitment before the end of the term. Lease terms of greater than five years are often subject to a rent review during the term.

Part of the office space was sublet to an entity outside of the Fidessa group. The sublease expires in 2018.

Financial calendar**15th February 2016**

2015 annual results announced

21st March 20162015 Annual Report and
Accounts circulated**27th April 2016**

Annual General Meeting

10th June 2016Final 2015 dividend and special
dividend paid**August 2016**

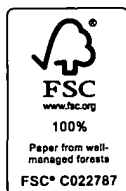
2016 interim results announced

September 2016

2016 interim dividend paid

February 2017

2016 annual results announced

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