

Registered number: 02513030

Parametric Technology (UK) Limited  
Annual report and financial statements  
for the year ended 30 September 2015

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# Parametric Technology (UK) Limited

## Annual report and financial statements for the year ended 30 September 2015

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**Company Information for the year ended 30 September 2015**

**Company Registration Number:** 02513030 (England and Wales)

**Registered office address:** Chester House  
Aerospace Boulevard  
Farnborough Aerospace Centre  
Farnborough  
Hampshire  
GU14 6TQ

**Directors:** C Dunn  
P Heck

**Secretary:** C Dunn

**Auditors:** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH

## **Strategic Report for the year ended 30 September 2015**

The directors present their strategic report on the company for the year ended 30 September 2015.

### **The business**

PTC's solutions for Computer Aided Design (CAD), Product Lifecycle Management (PLM), Application Lifecycle Management (ALM), Service Lifecycle Management (SLM), and Internet of Things (IoT) enable process transformation and deliver closed-loop lifecycle management for products and services that are increasingly smart and connected. Our solutions help optimize the activities within individual functions of an organization, and align them across the entire enterprise from engineering to supply chain and manufacturing, to sales and service.

Our solutions are complemented by experienced services and technical support organizations, as well as resellers and other strategic partners. Our services and technical support organizations provide consulting, implementation and training support services to customers worldwide. Our resellers supplement our direct sales force to provide greater geographic and small and medium size account coverage.

### **Key performance indicators**

Total revenue decreased by 0.2% (£47k) with licence revenue down by 41% (£2.5 million); maintenance revenue up by 8% (£1.1 million) and services revenue up by 56% (£1.3 million).

In 2015, we began offering our customers the option to purchase subscription licenses for most of our products, whereby a fee paid for the right to use our software is inclusive of the right to receive support services throughout the subscription term. Transitioning a substantial portion of our business from a perpetual licensing model to a subscription license model is a top priority for the company in the coming year and for several years to follow.

The increase in gross profit in 2015 from 2014 by £2.3 million (23%) is due to the decrease in transfer price for licence and maintenance revenues from 60% (2014) to 52% (average for the year). The company's loss for the financial year was £143k (2014: £1.2 million loss).

The directors believe that the company has maintained its overall market share due to its broad engineering solution portfolio, the strategic acquisitions and continuous development and improvement of its products.

### **Position of the business and future developments**

Based on 2015 results, current economic conditions and spending patterns and the competitive strength of our products, we believe we are well-positioned in the markets we serve.

During the year the company started offering the customers an alternative to buying perpetual licenses; to use the products in a "subscription model". In due course it is likely that the sale of perpetual licenses will be phased out entirely, and all PTC's software will be licensed on a subscription basis only. The company will be working with existing customers to convert their perpetual licenses to a subscription license. When selling perpetual licenses, the revenue is recognised on the software being made available to the customer, when selling subscription license, the revenue is recognised pro rata over the term of the subscription. When changing the business model, there will be a gap in the revenue it will be deferred to future accounting periods. This is unique in the transitional period, but leads to a more sustainable and consistent turnover profile in the long run.

The directors, working closely with senior corporate management continue to drive the company's business. Parametric Technology (UK) Limited follows a strategy and goals that are in line with those of the ultimate parent company, PTC Inc. That company carries out research and development activities, including developing new releases of PTC software that work together in a more integrated fashion and that include functionality enhancements desired by our customers and the markets that we serve as a whole. Additionally, acquisitions may serve

**Strategic Report for the year ended 30 September 2015  
(continued)**

to strengthen the market position. Those activities are carried out under the guidance of our ultimate parent company, PTC Inc.

During the year a restructuring program took place to reduce future costs, and to improve efficiency. The cost of the restructuring was £1.1 million, and affected 18 employees.

On 4 January, 2015, the company acquired the trade and net assets of Atego Systems Ltd, a fellow subsidiary of PTC Inc., for £3.4 million. The net assets acquired are set out in note 23.

During the year the company recognised an impairment charge on intangible assets in the total of £1.3 million as the directors consider the assets to have a permanent diminution in value. See note 8 for further details.

**Principal risks and uncertainties**

The principal risk for the company is a downturn in the British Isles market for the products and services of the PTC Group. From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the PTC Group, which include those of the company, are discussed in PTC Inc.'s annual report which does not form part of this report.

The company's operations expose it to a variety of financial risks that include the effects of credit risk, changes in market prices, liquidity risk and interest rate cash flow risk.

**Credit risk**

The company has implemented policies that require appropriate credit checks on all potential customers before sales are made.

**Market prices**

The PTC Group seeks to continually modify and enhance the company's products to keep pace with changing technology and address customers' needs, any failure to do so could reduce demand for the company's products.

**Liquidity risk**

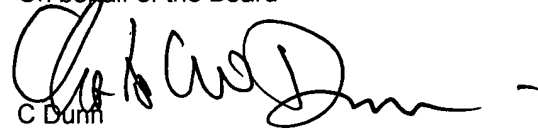
The ultimate parent company, PTC Inc., continues to provide financial support to ensure the company is able to meet all of its financial obligations.

**Interest rate**

The company has no debt outside of the PTC Group of companies. The company has no interest bearing debt as of 30 September 2015 (2014: £nil).

The company does not use derivative financial instruments and as such no hedge accounting is applied.

On behalf of the Board

  
C Dunn  
Director  
September 2016

## Directors' report for the year ended 30 September 2015

The directors present their report on the affairs of the company and the audited statutory financial statements of Parametric Technology (UK) Limited for the year ended 30 September 2015.

### Principal activities and business review

The company's principal activity during the year was the licensing of product lifecycle management (PLM) software products and from the selling of services consisting of training, consulting and maintenance.

More information on the business review, future developments and financial risk management can be found in the strategic report.

### Directors

The directors of the company during the year to 30 September 2015 and up to the date of signing of the financial statements are as follows:

C Dunn  
P Heck

The directors of the company had the benefit of a qualifying indemnity provision throughout the financial year ending 30 September 2015 and is currently in force.

### Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

### Going concern

PTC Inc., the company's ultimate parent, has confirmed its intention to provide sufficient working capital to the company to enable it to carry on its business without a significant curtailment of its operations for the foreseeable future and at least for the next 12 months from the date of approval of the financial statements. On this basis, the directors consider it appropriate for the financial information to be prepared on a going concern basis.

### Research and development

The company has considerable R&D developments that result in several product upgrades. Innovation and development of existing technologies is and will be an ongoing activity.

### Post balance sheet events

In October 2015 the corporate management of PTC Inc. announced that the company will progress with the strategy that has been transforming PTC into a key player in the world of smart connected products. The review of how to best configure the company's resources in order to support the new strategy and business model necessitated changes to the workforce that resulted in reductions and reassignment of a number of roles, while resources in other areas of the company have been expanding.

The impact of these changes on Parametric Technology (UK) Limited is a reduction in headcount of 25 employees and a restructuring cost of approximately £1.8 million in FY16.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable

**Directors' report for the year ended 30 September 2015  
(Continued)**

law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Disclosure of information to auditors**

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

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

On behalf of the Board



C Dunn

**Director**

6 September 2016

## **Independent auditors' report to the members of Parametric Technology (UK) Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Parametric Technology (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 September 2015;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



## **Independent auditors' report to the members of Parametric Technology (UK) Limited (continued)**

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Christopher Boreham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

7<sup>th</sup> September 2016

## Profit and loss account for the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
<b>Turnover</b>	2	<b>21,431</b>	21,478
Cost of sales		<b>(9,126)</b>	(11,458)
<b>Gross profit</b>		<b>12,305</b>	10,020
Administrative expenses		<b>(19,823)</b>	(18,313)
Other operating income		<b>9,715</b>	9,252
<b>Operating profit excluding exceptional items</b>		<b>2,197</b>	959
Exceptional items - employee restructuring	3	<b>(1,098)</b>	(30)
Exceptional item - goodwill impairment	8	<b>(1,255)</b>	(2,200)
<b>Operating loss</b>	3	<b>(156)</b>	(1,271)
Interest receivable and similar income	4	<b>13</b>	26
<b>Loss on ordinary activities before taxation</b>		<b>(143)</b>	(1,245)
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>	17,18	<b>(143)</b>	(1,245)

All results derive from continuing operations.

The company has no recognised gains and losses (2014: nil) other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

## Balance sheet as at 30 September 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Intangible assets	8	5,758	6,590
Tangible assets	9	1,087	306
		<b>6,845</b>	<b>6,896</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	6,988	7,812
Debtors: amounts falling due after more than one year	10	242	255
Cash at bank and in hand		978	322
		<b>8,208</b>	<b>8,389</b>
Creditors: amounts falling due within one year	11	(9,300)	(8,873)
<b>Net current liabilities</b>		<b>(1,092)</b>	<b>(484)</b>
<b>Total assets less current liabilities</b>		<b>5,753</b>	<b>6,412</b>
Creditors: amounts falling due after more than one year	12	(121)	(449)
Provisions for liabilities	13	(121)	(118)
<b>Net assets</b>		<b>5,511</b>	<b>5,845</b>
<b>Capital and reserves</b>			
Called up share capital	16	188	188
Share premium account	17	37,281	37,281
Other reserves	17	-	-
Profit and loss account - deficit	17	(31,958)	(31,624)
<b>Total shareholders' funds</b>	18	<b>5,511</b>	<b>5,845</b>

The financial statements were approved by the board of directors on 6 September 2016 and were signed on its behalf by:



**C Dunn**  
Director

Registered number: 02513030

**Notes to the financial statements for the year ended 30 September 2015****Note 1 Principal accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**Going concern**

PTC Inc., the company's ultimate parent, has confirmed its intention to provide sufficient working capital to the company to enable it to carry on its business without a significant curtailment of its operations for the foreseeable future and at least for the next 12 months from the date of approval of these financial statements. On this basis, the directors consider it appropriate for the financial information to be prepared on a going concern basis.

**Cash flow statement and related party transactions**

The company is exempt from the requirements of FRS 1 'Cash flow statements (revised 1996)' to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of PTC Inc. whose consolidated financial statements, which include the company's financial statements, are publicly available.

The company is also exempt under the terms of paragraph 3(c) FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the PTC Group.

**Turnover**

Turnover is derived from licensing PTC's software products and from service revenue consisting of training, consulting and maintenance. Perpetual license revenue is recognised upon contract execution, provided PTC's obligations to make the software available to the customer have been met, fees are fixed or determinable and collection is probable. Turnover from subscription licenses and software maintenance is recognised monthly over the contract period. Turnover from consulting and training is recognised upon performance. Turnover is stated net of value added tax and trade discounts.

**Accrued income**

Turnover that is due on services rendered but not billed is recognised within the same accounting period in which the cost of providing that service is also recognised, and is included in accrued income.

**Deferred income**

The company provides software support and subscription licenses, for which the company invoices in advance. Income billed in advance is initially deferred, and turnover is recognised on a straight line basis over the term of the contract. On a case by case basis training and consulting services are invoiced prior to service delivery. Turnover in these cases is recognised when the service is delivered.

**Other operating income**

Other operating income includes charges for the provision of training and other services to group companies and the reimbursement of research and development expenditure incurred by Parametric Technology (UK) Limited on behalf of other group companies.

**Notes to the financial statements for the year ended 30 September 2015 (continued)****Note 1 Principal accounting policies (continued)****Goodwill**

Goodwill represents the difference between the fair value of assets acquired and the fair value of consideration paid. Goodwill is capitalised and amortised over the period in which benefit is to be gained from the acquisition. The amortisation period used for goodwill arising on acquisitions made since the introduction of FRS 10 – 'Goodwill and intangible assets' ranges from 5 to 11 years. Prior to the issue of FRS 10, goodwill was written off to reserves. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Goodwill is recognised separately as Intangible assets and carried at cost less accumulated amortisation and impairment losses.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. The cost of tangible fixed assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of the tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, which are principally as follows:

Leasehold improvements	Over the lease term
Fixtures and fittings	3 years

**Intangible assets, amortisation and impairment**

Acquired customers lists and trademarks are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

**Notes to the financial statements for the year ended 30 September 2015 (continued)****Note 1 Principal accounting policies (continued)**

These costs are amortised to profit and loss over expected useful economic lives of the intangible assets concerned, which are principally:

Goodwill	10 to 11 years
Customers lists & trademarks	7 to 10 years

Intangible assets are reviewed annually for signs of impairment. Where there are signs of impairment the carrying value is compared to the recoverable amount based on expected future cash flows.

**Leased assets**

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

**Provisions**

A provision is recognised in the balance sheet when the company has a present obligation as a result of an event prior to the closing date and when an outflow of resources embodying economic benefits that can be reliably measured becomes probable. Provisions are discounted when the impact of the time value of money is considered material.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. Exchange differences are taken to the profit and loss account in the period in which they arise.

**Pension costs**

The company operates a number of defined contribution pension schemes. The assets of the schemes are held in independently administered funds. The company's contributions to the defined contribution schemes are charged to the profit and loss account as they fall due (note 20).

**Research and development**

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

**Share based payments**

The PTC group issues equity-settled share based payments to certain employees of the company. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on estimates of shares that will eventually vest. At each balance sheet date, the company revises its estimates of the number of equity settled share based payments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 2 Turnover

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

	2015	2014
	£'000	£'000
Licence revenue	3,621	6,099
Maintenance revenue	14,084	12,998
Training, consulting and managed services revenue	3,726	2,381
	<b>21,431</b>	<b>21,478</b>

An analysis of turnover by geographical market is as follows:

	2015	2014
	£'000	£'000
United Kingdom	20,406	20,784
Rest of World	1,025	694
	<b>21,431</b>	<b>21,478</b>

### Note 3 Operating loss

		2015	2014
	Note	£'000	£'000
Operating loss is stated after charging:			
Amortisation of intangible assets	8	951	1,134
Depreciation of tangible assets:	9	286	153
Operating lease rentals:			
- plant and machinery		16	13
- other		720	652
Research and development		5,676	5,053
Net exchange difference on foreign currency		(31)	44
<b>Services provided by the company's auditors:</b>			
- Fees payable to the company's auditors for the audit		45	56
<b>Fees payable to the company's auditors for other services:</b>			
- Taxation services		6	39
<b>Exceptional items:</b>			
- Employee restructuring		1,098	30
- Goodwill impairment	8	1,255	2,200

During the year a restructuring program took place to reduce the future costs, and to improve the efficiency. The cost of the restructuring was £1,098k, and affected 18 employees.

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 4 Interest receivable and similar income

	2015 £'000	2014 £'000
<b>Interest receivable on customer invoices</b>	<b>13</b>	<b>26</b>

### Note 5 Staff numbers and costs

The average monthly number of employees of the company during the year (including directors) was:

<b>By activity</b>	2015 Number	2014 Number
Sales	46	39
General administration	12	10
Support services	55	59
Technical development	66	61
	<b>179</b>	<b>169</b>

The aggregate payroll costs were as follows:

	2015 £'000	2014 £'000
Wages and salaries	12,699	12,075
Social security costs	1,651	1,614
Stock based compensation (note 19)	752	582
Other pension costs (note 20)	561	535
	<b>15,663</b>	<b>14,806</b>

### Note 6 Directors' emoluments

No directors are remunerated for their services as directors of Parametric Technology (UK) Limited (2014: £nil). No directors were entitled to retirement benefits under any pension scheme at 30 September 2015 (2014: none). The directors are employed by the group and their services to the company are incidental.



## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 7 Tax on loss on ordinary activities

	2015	2014
	£'000	£'000
<b>Current tax:</b>		
United Kingdom corporation tax on loss for the year	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax charge</b>	<b>-</b>	<b>-</b>
<b>Tax on loss on ordinary activities</b>	<b>-</b>	<b>-</b>

### Factors affecting tax in the current year and prior year

The tax assessed for the year is lower (2014 higher) than the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%). The differences are explained below:

	2015	2014
	£'000	£'000
Loss on ordinary activities before taxation	<b>(143)</b>	<b>(1,245)</b>
Loss on ordinary activities multiplied by standard rate in the UK of 20.5% (2014: 22.0%)	<b>(29)</b>	<b>(274)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>393</b>	738
Accelerated capital allowances and other timing differences	<b>65</b>	36
Utilisation of tax losses	<b>(456)</b>	(434)
Share option timing differences	<b>27</b>	(66)
<b>Current tax charge/(credit) for the year</b>	<b>-</b>	<b>-</b>

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at a blended rate of 20.5%.

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 8 Intangible assets

	Trademarks £'000	Customer Lists £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
At 1 October 2014	29	1,330	16,651	18,010
Additions (note 23)	-	1,374	-	1,374
<b>At 30 September 2015</b>	<b>29</b>	<b>2,704</b>	<b>16,651</b>	<b>19,384</b>
<b>Accumulated amortisation</b>				
At 1 October 2014	11	222	11,187	11,420
Charge for the year	-	270	681	951
Impairment	-	-	1,255	1,255
<b>At 30 September 2015</b>	<b>11</b>	<b>492</b>	<b>13,123</b>	<b>13,626</b>
Net book value				
<b>At 30 September 2015</b>	<b>18</b>	<b>2,212</b>	<b>3,528</b>	<b>5,758</b>
At 30 September 2014	18	1,108	5,464	6,590

In 2015 an impairment of £1.3 million was recognized on the goodwill from the acquisitions of MKS, Servigistics and Enigma. The impairment was required as a result of lower related revenue than initially expected. In 2014 an impairment of £2.2 million was recognised during the financial year on the goodwill from the MKS acquisition, following an evaluation of the carrying value of the asset.

Additions relates to the purchase of Atego customer lists, see note 23 for further details.

### Note 9 Tangible assets

	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 1 October 2014	142	1,009	1,151
Additions	199	868	1,067
Disposals	-	(43)	(43)
<b>At 30 September 2015</b>	<b>341</b>	<b>1,834</b>	<b>2,175</b>
<b>Accumulated depreciation</b>			
At 1 October 2014	142	703	845
Charge for the year	12	274	286
Disposals	-	(43)	(43)
<b>At 30 September 2015</b>	<b>154</b>	<b>934</b>	<b>1,088</b>
<b>Net book value</b>			
<b>At 30 September 2015</b>	<b>187</b>	<b>900</b>	<b>1,087</b>
At 30 September 2014	-	306	306

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 10 Debtors

	2015	2014
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	4,681	3,871
Amounts owed by group undertakings	1,340	3,435
Other debtors	178	28
Prepayments and accrued income	789	478
	<b>6,988</b>	<b>7,812</b>
<b>Amounts falling due after more than one year:</b>		
Other debtors	242	255
	<b>242</b>	<b>255</b>

Amounts owed by group undertakings relate to the recharge of costs borne by the company on behalf of other group entities. They are unsecured, repayable on demand and bear interest computed on the daily balance at a rate equivalent to LIBOR rate plus 0.5% (where PTC (IFSC) Limited, a PTC Inc. group company registered in Ireland, is the Lender) or at a rate equivalent to LIBOR rate minus 0.5% (where the company is the Lender) on a basis of 360 days. PTC (IFSC) Limited or an agent on its behalf shall advise the company of such interest rate at the end of each month.

### Note 11 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	112	15
Amounts owed to group undertakings	79	-
Taxation and social security	981	1,163
Accruals and deferred income	8,128	7,695
	<b>9,300</b>	<b>8,873</b>

Amounts owed to group undertakings relate to the recharge of costs borne by other group entities on behalf of the company. They are unsecured and repayable upon demand.

### Note 12 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Long term deferred income	121	449

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 13 Provisions for liabilities

	Dilapidations £'000	Total £'000
At 1 October 2014	118	118
Charge to profit and loss account	238	238
Utilized during the year	(235)	(235)
<b>At 30 September 2015</b>	<b>121</b>	<b>121</b>

Provision has been made for future restoration costs of leased properties.

### Note 14 Deferred tax

The unrecognized deferred taxation asset is as follows:

	2015 £'000	2014 £'000
Capital allowances in excess of depreciation	(1,461)	(1,418)
Short term timing difference	(124)	(96)
Losses	(7,012)	(7,402)
<b>Total deferred tax not recognized</b>	<b>(8,597)</b>	<b>(8,916)</b>
At 1 October 2014	(8,916)	(9,195)
Utilization of losses	444	289
Other deferred tax movements	(89)	(10)
Prior year adjustment	(36)	-
<b>At 30 September 2015</b>	<b>(8,597)</b>	<b>(8,916)</b>

In the directors' opinion it is uncertain as to when and whether the deferred tax asset will crystallise and accordingly it has not been recognised.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. In addition, changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015. As the changes in rate from 20% had not been substantively enacted at the balance sheet date the effects are not included in these financial statements.

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 15 Financial commitments

As at 30 September 2015 the company had annual commitments under non-cancellable operating lease agreements expiring as follows:

	2015			2014		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Commitments expiring:						
Within 1 Year	8	-	8	40	3	43
Within 2 to 5 years	577	20	597	581	-	581
After more than 5 years	69	-	69	-	-	-
<b>Total</b>	<b>654</b>	<b>20</b>	<b>674</b>	<b>621</b>	<b>3</b>	<b>624</b>

### Note 16 Called up share capital

	2015 £'000	2014 £'000
<b>Authorized:</b>		
500,000 (2014: 500,000) ordinary shares of £1 each	500	500
<b>Allotted and fully paid:</b>		
188,185 (2014: 188,185) ordinary shares of £1 each	188	188

### Note 17 Reserves

	Profit and loss account £'000	Other reserves £'000	Share Premium Account £'000
As at 1 October 2014	(31,624)	-	37,281
Loss for the financial year	(143)	-	-
Stock based compensation (note 19)	-	752	-
Recharge in respect of share options granted to employees	(191)	(752)	-
<b>As at 30 September 2015</b>	<b>(31,958)</b>	<b>-</b>	<b>37,281</b>

Other reserves are in relation to the equity incentive plan outlined in note 19.

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 18 Reconciliation of movements in total shareholders' funds

	2015	2014
	£'000	£'000
Loss for the financial year	(143)	(1,245)
Stock based compensation	752	582
Recharge in respect of vested restricted stock units granted to employees	(943)	(884)
<b>Net decrease in shareholder's funds</b>	<b>(334)</b>	<b>(1,547)</b>
Shareholders' funds at 1 October	5,845	7,392
<b>Shareholders' funds at 30 September</b>	<b>5,511</b>	<b>5,845</b>

### Note 19 Equity incentive plan

The 2000 Equity Incentive Plan (2000 Plan) of the ultimate holding company, PTC Inc. provides for the grants of non-qualified and incentive stock options, common stock, restricted stock, restricted stock units and stock appreciation rights to its employees, directors, officers and consultants. The United Kingdom employees participate in this plan.

The company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. That cost is recognised over the period during which an employee is required to provide service in exchange for the award.

Until 2005, the company generally granted stock options. For those options, the option exercise price was typically the fair market value at the date of grant, and they generally vested over three years and expire ten years from the date of grant. The fair value of options was estimated at the date of grant using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. No stock options have been granted since 2005 to United Kingdom employees.

A reconciliation of stock options movements over the year to 30 September is shown below:

	2015		2014	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at 1 October	-	-	3,100	\$ 10.94
Exercised	-	-	(3,100)	\$ (10.94)
<b>Outstanding at 30 September</b>	-	-	-	-
<b>Exercisable at 30 September</b>	-	-	-	-

All Stock options were exercised in 2014. The weighted average share price during last year (2014) for options exercised over the year was \$10.94.

The total charge for the year relating to stock option employee share based payment plans was £nil (2014: £nil).

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 19 Equity incentive plan (continued)

#### Restricted Stock Units

Since 2005, the parent company has awarded restricted stock units as the principal equity incentive awards for the company's employees. Each restricted stock unit represents the contingent right to receive one share of PTC Inc. common stock. The fair value of restricted stock units is based on the fair market value of PTC Inc. stock on the date of grant, and they are generally vested over a three-year period.

The fair value of restricted stock units granted in the year was \$1.5 million (2014: \$1.2 million).

A reconciliation of restricted stock unit movements over the year to 30 September is shown below:

	2015		2014	
	Shares	Weighted average grant date price	Shares	Weighted average grant date price
Outstanding at 1 October	79,175	\$ 27.57	90,717	\$ 22.39
Granted	39,817	\$ 38.12	35,284	\$ 33.82
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Vested	(38,271)	\$ (38.57)	(42,338)	\$ (34.32)
Forfeited	(6,853)	\$ (29.47)	(4,488)	\$ (22.95)
<b>Outstanding at 30 September</b>	<b>73,868</b>	<b>\$ 34.17</b>	<b>79,175</b>	<b>\$ 27.57</b>

Note – the weighted average exercise prices are in US Dollar (exchange rate of 1.5542).

The total charge for the year relating to employee restricted stock-based compensation was £752,246 (2014: £582,194), all of which related to equity-settled share-based payment transactions.

As each restricted stock grant vests, PTC Inc. cross charge the costs associated at the prevailing market value of the stock at point of vesting.

### Note 20 Pension commitments

The company operates a number of defined contribution pension schemes. The assets of the schemes are held in independently administered funds. The contributions to the schemes payable by the company for the year were £0.6 million (2014: £0.5 million). The contributions outstanding as at the balance sheet date were £0.1 million (2014: £nil).

### Note 21 Post balance sheet events

In October 2015 the corporate management of PTC Inc. announced that the company will progress with the strategy that has been transforming PTC into a key player in the world of smart connected products. The review of how to best configure the company's resources in order to support the new strategy and business model necessitated changes to the workforce that resulted in reductions and reassignment of a number of roles, while resources in other areas of the company have been expanding.

The impact of these changes on Parametric Technology (UK) Ltd. is a reduction in headcount of 25 employees and a restructuring cost of approximately £1.8 million in FY16.

## Notes to the financial statements for the year ended 30 September 2015 (continued)

### Note 22 Parent undertakings and ultimate controlling party

The company's immediate parent company at 30 September 2015 was Parametric Holdings (UK) Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and the parent of the smallest and largest group for which group financial statements are prepared and of which Parametric Technology (UK) Limited is a member, is PTC Inc., a company incorporated in the Commonwealth of Massachusetts.

Copies of these consolidated financial statements can be obtained from:

Parametric Technology (UK) Limited  
Chester House, Farnborough Aerospace Centre  
Farnborough  
Hampshire  
GU14 6TQ

PTC Inc. is the ultimate controlling party.

### Note 23 Acquisitions

Parametric Technology (UK) Limited acquired the trade and net assets of Atego Systems Limited on 4 January 2015 following the PTC Inc. group's purchase of the Atego Group. The net assets acquired are set out below:

	Book Value	Total adjustments	Fair Value
	£'000	£'000	£'000
Debtors and other receivables	669	-	669
Creditors, accruals and other liabilities	(662)	-	(662)
Cash at bank	2,031	-	2,031
Customer lists	-	1,374	1,374
	<b>2,038</b>	<b>1,374</b>	<b>3,412</b>
Consideration			<b>3,412</b>
Consideration satisfied by cash			3,412

The following fair value adjustments were made to the book value of the assets and liabilities of the above acquisition:

	£'000
Customer lists	<b>1,374</b>

Before acquisition, the last financial year of Atego Systems Limited began on 1 January 2014. The profit before tax for the financial year ending 31 December 2014 was £186k.

The revenue generated by Atego during 2015 was £964k, and profit before tax £45k.