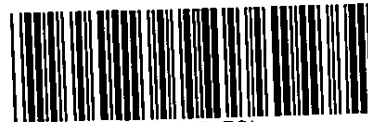


Amending.

Registered number 02513030

Parametric Technology (UK) Limited  
Annual report and financial statements  
for the year ended 30 September 2014

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# Parametric Technology (UK) Limited

## Annual report and financial statements for the year ended 30 September 2014

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**Company Information  
for the year ended 30 September 2014**

**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  
One Reading Central  
23 Forbury Road  
Reading  
RG1 3JH

**Strategic Report  
for the year ended 30 September 2014**

The directors present their strategic report on the company for the year ended 30 September 2014

**The business**

The company offers solutions in the product lifecycle management, or PLM, market (product data management, collaboration and related solutions), the CAx market (computer-aided design, manufacturing and engineering (CAD, CAM and CAE) solutions) and the application lifecycle management (ALM) market

Our software solutions provide our customers with an integral product development system that enables them to create digital product content, collaborate with others in the product development process, control product content, automate product development processes, configure products and product content, and communicate product information to people and systems across the extended enterprise and design chain

Our solutions are complemented by our 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 increased by 13% (£2.4 million) with licence revenue up by 49% (£2 million), maintenance revenue up by 5% (£0.6 million) and services revenue down by 7% (£0.2 million)

The increase in turnover in 2014 from 2013 is mainly due to the fact that Software is not recurring revenue and is then subject to variance year over year as customers are usually ordering licenses for multi annual needs. The results will continue to be impacted, by the presence or absence of large transactions. The amount of revenue, particularly license revenue, attributable to large transactions, and the number of such transactions, may vary from year to year based on customer purchasing decisions and macroeconomic conditions

The decrease in gross profit in 2014 from 2013 by 14% (£1.6 million) is due to the increase in transfer price for licence and maintenance revenues from 45% (2013) to 60%

Gross profit margin decreased from 61% (2013) to 47%. This is due to the change in transfer price for license and maintenance revenues

The company's loss for the financial year was £1.2 million (2013: £1.4 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 2014 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

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**Strategic Report  
for the year ended 30 September 2014 (continued)**

**Position of the business and future developments (continued)**

The directors, working closely with senior corporate management continue to drive the companies' business. Parametric Technology (UK) Limited follows the strategy and goals given by our ultimate parent company, PTC Inc. The company carries out research and development activities, including developing new releases of our software that work together in a more integrated fashion and that include functionality enhancements desired by our customers. Additionally acquisitions may serve to strengthen the market position. Those activities are carried out under the guidance of our ultimate parent company, PTC Inc.

On 1 October 2013, the company acquired the trade and net assets of Enigma UK Limited for \$200,000. The net assets acquired are set out in note 23.

**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 the group'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 2014 (2013: £nil).

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

By order of the Board



C Dunn  
Director

29 June 2015

## **Directors' report for the year ended 30 September 2014**

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 2014

### **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 can be found in the strategic report

### **Directors**

The directors of the company during the year to 30 September 2014 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 2014 and is currently in force

### **Dividends**

The directors do not recommend the payment of a dividend (2013 £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

### **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 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,

**Directors' report  
for the year ended 30 September 2014 (continued)**

**Statement of directors' responsibilities (continued)**

- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to 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, and
- 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.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the Board



C Dunn  
Director  
29 June 2015

## **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 2014 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**

Parametric Technology (UK) Limited's financial statements comprise

- the balance sheet as at 30 September 2014,
- 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 applicable law and United Kingdom Accounting Standards (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 Directors' Responsibilities Statement 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 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 and financial statements 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  
29 June 2015

**Profit and loss account  
for the year ended 30 September 2014**

	Notes	2014 £'000	2013 £'000
<b>Turnover</b>	2	<b>21,478</b>	19,028
Cost of sales		<b>(11,458)</b>	(7,412)
<b>Gross profit</b>		<b>10,020</b>	11,616
Administrative expenses		<b>(18,313)</b>	(18,798)
Other operating income		<b>9,252</b>	7,050
<b>Operating profit/(loss) excluding exceptional items</b>	3	<b>959</b>	(132)
Exceptional items - employee restructuring		<b>(30)</b>	(1,233)
Exceptional item - goodwill impairment	8	<b>(2,200)</b>	-
<b>Total operating loss</b>	3	<b>(1,271)</b>	(1,365)
Interest receivable and similar income	4	<b>26</b>	1
<b>Loss on ordinary activities before taxation</b>		<b>(1,245)</b>	(1,364)
Tax on loss on ordinary activities	7	<b>-</b>	(10)
<b>Loss for the financial year</b>	17	<b>(1,245)</b>	(1,374)

All results derive from continuing operations

The company has no recognised gains and losses 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 2014

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Intangible assets	8	6,590	9,388
Tangible assets	9	306	221
		<b>6,896</b>	<b>9,609</b>
<b>Current assets</b>			
Debtors amounts falling due within one year	10	7,812	5,072
Debtors amounts falling due after more than one year	10	255	751
Cash at bank and in hand		322	396
		<b>8,389</b>	<b>6,219</b>
Creditors amounts falling due within one year	11	(8,873)	(8,212)
<b>Net current liabilities</b>		<b>(484)</b>	<b>(1,993)</b>
<b>Total assets less current liabilities</b>		<b>6,412</b>	<b>7,616</b>
Creditors amounts falling due after more than one year	12	(449)	(107)
Provisions for liabilities	13	(118)	(117)
<b>Net assets</b>		<b>5,845</b>	<b>7,392</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	(31,624)	(30,077)
<b>Total shareholders' funds</b>	18	<b>5,845</b>	<b>7,392</b>

The financial statements on pages 8 to 23 were approved by the board of directors on 29 June 2015 and were signed on its behalf by



C Dunn  
Director

Registered number 02513030

**Notes to the financial statements  
for the year ended 30 September 2014**

**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 the licensing of product lifecycle management (PLM) software products and from service revenue consisting of training, consulting and maintenance. License revenue is recognised upon contract execution, provided all shipment obligations have been met, fees are fixed or determinable and collection is probable. Turnover from software maintenance contracts and royalties 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**

Revenue 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 group undertakes to maintain customers' software under maintenance contracts on which the company invoices in advance. The income is recognised as turnover on a straight line basis over the life of the contract. Maintenance costs are expensed as incurred.

**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 2014 (continued)

### 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 7 to 11 years. 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.

#### 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

Goodwill on acquisitions represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is recognised separately as Intangible assets and carried at cost less accumulated amortisation and impairment losses.

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

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.

## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 1 Principal accounting policies (continued)

#### Leased assets

Rentals in respect of operating leases are charged to the profit and loss account as incurred

#### 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. 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 2014 (continued)

### 2 Turnover

An analysis of turnover by class of business is as follows

	2014	2013
	£'000	£'000
Licence revenue	6,099	4,087
Maintenance revenue	12,998	12,384
Training, consulting and managed services revenue	2,381	2,557
	<b>21,478</b>	<b>19,028</b>

	2014	2013
	£'000	£'000
United Kingdom	20,784	18,053
Rest of World	694	975
	<b>21,478</b>	<b>19,028</b>

### 3 Operating profit/(loss)

	2014	2013
	£'000	£'000
Operating profit/(loss) is stated after charging		
Amortisation of intangible assets	1,134	996
Depreciation of tangible assets	153	260
Operating lease rentals		
- plant and machinery	13	15
- other	652	737
Research and development	5,053	4,620
Provision for onerous lease	-	24
Net exchange difference on foreign currency	44	60
<b>Services provided by the company's auditors:</b>		
- Fees payable to the company's auditors for the audit	81	71
<b>Fees payable to the company's auditors for other services:</b>		
- Taxation services	39	26
<b>Exceptional items</b>		
- Employee restructuring	30	1,233
- Goodwill impairment	2,200	-

## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 4 Interest receivable and similar income

	2014	2013
	£'000	£'000
<b>Interest receivable</b>	<b>26</b>	<b>1</b>

### 5 Staff numbers and costs

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

	2014	2013
<b>By activity</b>	<b>Number</b>	<b>Number</b>
Sales	39	33
General administration	10	11
Support services	59	46
Technical development	61	92
	<b>169</b>	<b>182</b>

The aggregate payroll costs were as follows

	2014	2013
	£'000	£'000
Wages and salaries	12,075	12,076
Social security costs	1,614	1,655
Stock based compensation (note 19)	582	598
Other pension costs (note 20)	535	526
	<b>14,806</b>	<b>14,855</b>

### 6 Directors emoluments

No directors are remunerated for their services as directors of Parametric Technology (UK) Limited (2013 £nil) No directors were entitled to retirement benefits under any pension scheme at 30 September 2014 (2013 none) The directors are employed by the group and their services to the company are incidental Two directors (2013 two) exercised share options during the year



## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 7 Tax on loss on ordinary activities

	2014 £'000	2013 £'000
<b>Current tax.</b>		
United Kingdom corporation tax on loss for the year	-	-
Adjustments in respect of prior years	-	10
<b>Total current tax charge</b>	<b>-</b>	<b>10</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>10</b>

The current tax charge of £19 (2013 £10,000) arises on taxable profits from non trading loan relationship income

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

The tax assessed for the year is higher (2013 higher) than the income before tax multiplied by the standard rate of corporation tax in the UK (22%) (2013 23.5%). The differences are explained below

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	<b>(1,245)</b>	<b>(1,364)</b>
Loss on ordinary activities multiplied by standard rate in the UK of 22% (2013 23.5%)	<b>(274)</b>	<b>(321)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>738</b>	<b>221</b>
Accelerated capital allowances and other timing differences	<b>36</b>	<b>69</b>
Group relief (claimed) / surrendered not paid	-	<b>31</b>
Adjustments to tax charge in respect of prior years	-	<b>10</b>
Utilisation of tax losses	<b>(434)</b>	-
Share option timing differences	<b>(66)</b>	-
<b>Current tax (credit)/charge for the year</b>	<b>-</b>	<b>10</b>

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at a blended rate of 22%.

Further reductions to the main rate are proposed to reduce the rate to 20% by 2015. These further changes had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements.

## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 8 Intangible assets

	Trademarks £'000	Customer Lists £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
At 1 October 2013	29	794	16,651	17,474
Additions	-	536	-	536
<b>At 30 September 2014</b>	<b>29</b>	<b>1,330</b>	<b>16,651</b>	<b>18,010</b>
<b>Accumulated amortisation</b>				
At 1 October 2013	6	48	8,032	8,086
Charge for the year	5	174	955	1,134
Impairment	-	-	2,200	2,200
<b>At 30 September 2014</b>	<b>11</b>	<b>222</b>	<b>11,187</b>	<b>11,420</b>
Net book value				
<b>At 30 September 2014</b>	<b>18</b>	<b>1,108</b>	<b>5,464</b>	<b>6,590</b>
At 30 September 2013	23	746	8,619	9,388

An impairment of £2.2m was recognised during the financial year on the goodwill from the MKS acquisition, following an impairment review of the carrying value of the asset. The impairment was required as a result of lower related revenue than initially expected.

### 9 Tangible assets

	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 1 October 2013	155	818	973
Additions	-	239	239
Disposals	(13)	(48)	(61)
<b>At 30 September 2014</b>	<b>142</b>	<b>1,009</b>	<b>1,151</b>
<b>Accumulated depreciation</b>			
At 1 October 2013	151	601	752
Charge for the year	3	150	153
Disposals	(12)	(48)	(60)
<b>At 30 September 2014</b>	<b>142</b>	<b>703</b>	<b>845</b>
Net book value			
<b>At 30 September 2014</b>	<b>-</b>	<b>306</b>	<b>306</b>
At 30 September 2013	4	217	221

**Notes to the financial statements  
for the year ended 30 September 2014 (continued)**

**10 Debtors**

	2014 £'000	2013 £'000
<b>Amounts falling due within one year.</b>		
Trade debtors	3,871	3,481
Amounts owed by group undertakings	3,435	1,331
Other debtors	28	26
Prepayments and accrued income	478	234
	<b>7,812</b>	<b>5,072</b>
<b>Amounts falling due after more than one year</b>		
Trade debtors	-	-
Other debtors	255	751
Deferred Taxation	-	-
	<b>255</b>	<b>751</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, interest free and have no fixed repayment date.

**11 Creditors: amounts falling due within one year**

	2014 £'000	2013 £'000
Trade creditors	15	22
Amounts owed to group undertakings	-	35
Taxation and social security	1,163	1,149
Accruals and deferred income	7,695	7,006
	<b>8,873</b>	<b>8,212</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, interest free and repayable on demand.

**12 Creditors: amounts falling due after more than one year**

	2014 £'000	2013 £'000
Long term deferred income	449	107

## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 13 Provisions for liabilities

	Dilapidations £'000	Total £'000
At 1 October 2013	117	117
Charge to profit and loss account (Note 3)	20	20
Utilised during the year	(19)	(19)
<b>At 30 September 2014</b>	<b>118</b>	<b>118</b>

Provision has been made for future restoration costs of leased properties

### 14 Deferred tax

The unrecognised deferred taxation asset is as follows

	2014 £'000	2013 £'000
Capital allowances in excess of depreciation	(1,418)	(1,380)
Short term timing difference	(96)	(93)
Losses	(7,402)	(7,722)
<b>Total deferred tax not recognised</b>	<b>(8,916)</b>	<b>(9,195)</b>
At 1 October 2013	(9,195)	(10,476)
Utilisation of losses	289	(27)
Other deferred tax movements	(10)	1,308
<b>At 30 September 2014</b>	<b>(8,916)</b>	<b>(9,195)</b>

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

### 15 Financial commitments

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

	2014			2013		
	Land and Buildings £'000	Other £'000	Total £'000	Land and Buildings £'000	Other £'000	Total £'000
Commitments expiring						
Within 1 Year	40	3	43	88	6	94
Within 2 to 5 years	581	-	581	569	-	569
After more than 5 years	-	-	-	-	-	-
<b>Total</b>	<b>621</b>	<b>3</b>	<b>624</b>	<b>657</b>	<b>6</b>	<b>663</b>

**Notes to the financial statements  
for the year ended 30 September 2014 (continued)**

**16 Called up share capital**

	2014 £'000	2013 £'000
<b>Authorised</b>		
500,000 (2013 500,000) ordinary shares of £1 each	500	500
<b>Allotted and fully paid</b>		
188,185 (2013 188,185) ordinary shares of £1 each	188	188

**17 Reserves**

	Profit and loss account £'000	Other reserves £'000	Share Premium Account £'000
As at 1 October 2013	(30,077)	-	37,281
Premium on ordinary shares issued	-	-	-
Loss for the financial year	(1,245)	-	-
Stock based compensation (note 19)	-	582	-
Recharge in respect of share options granted to employees	(302)	(582)	-
<b>As at 30 September 2014</b>	<b>(31,624)</b>	<b>-</b>	<b>37,281</b>

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

**18 Reconciliation of movements in total shareholders' funds**

	2014 £'000	2013 £'000
Loss for the financial year	(1,245)	(1,374)
Stock based compensation	582	598
Recharge in respect of share options granted to employees	(884)	(738)
Net decrease in shareholder's funds	(1,547)	(1,514)
Shareholders' funds at 1 October	7,392	8,906
<b>Shareholders' funds at 30 September</b>	<b>5,845</b>	<b>7,392</b>

**Notes to the financial statements  
for the year ended 30 September 2014 (continued)**

**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 four 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 option movements over the year to 30 September 2014 is shown below.

	<u>2014</u>		<u>2013</u>	
	<u>Shares</u>	<u>Weighted average exercise price</u>	<u>Shares</u>	<u>Weighted average exercise price</u>
Outstanding at 1 October	3,100	\$ 10.94	6,957	\$ 9.09
Granted	-	-	-	-
Transfers out	-	-	-	-
Exercised	(3,100)	\$ (10.94)	(3,604)	\$ (7.32)
Forfeited	-	-	(253)	\$ (5.94)
<b>Outstanding at 30 September</b>	-	-	3,100	\$ 10.94
<b>Exercisable at 30 September</b>	-	-	3,100	\$ 10.94

Note – the weighted average exercise prices are in US Dollar (exchange rate of 1.5205)

The weighted average share price during the year for options exercised over the year was \$10.94 (2013 \$10.94). The total charge for the year relating to stock option employee share based payment plans was £nil (2013 £nil).

**Restricted Stock Units**

Since 2005, the company has awarded restricted stock units as the principal equity incentive awards for United Kingdom 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 \$1.2 million (2013 \$1.1 million).

## Notes to the financial statements for the year ended 30 September 2014 (continued)

### 19 Equity incentive plan (continued)

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

	2014		2013	
	Shares	Weighted average grant date price	Shares	Weighted average grant date price
Outstanding at 1 October	90,717	\$ 22.39	105,610	\$ 20.77
Granted	35,284	\$ 33.82	49,682	\$ 22.67
Transfers in	-	-	-	-
Transfers out	-	-	(907)	\$ (20.54)
Released	(42,338)	\$ (34.32)	(51,242)	\$ (19.81)
Forfeited	(4,488)	\$ (22.95)	(12,426)	\$ (21.93)
<b>Outstanding at 30 September</b>	<b>79,175</b>	<b>\$ 27.57</b>	<b>90,717</b>	<b>\$ 22.59</b>

Note – the weighted average exercise prices are in US Dollar (exchange rate of 1.5205)

The total charge for the year relating to employee restricted stock-based compensation was £582,194 (2013 £597,807), all of which related to equity-settled share-based payment transactions

### 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 £535,000 (2013 £526,000). The contributions outstanding as at the balance sheet date were £4,000 (2013 £5,000).

### 21 Post balance sheet events

In October 2014 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 9 employees and a restructuring cost of approximately £0.6m in early FY15. In April 2015 a further announcement was made which will result in an additional reduction in headcount of 11 and a restructuring cost of approximately £0.6m.

On 30 June 2014 PTC Inc acquired Atego to complement the existing portfolio. As a result of this acquisition Parametric Technology (UK) Limited acquired the trade and net assets of Atego Systems Limited on 4 January 2015. As at the date of preparation of these financial statements, pending the completion of the Atego Systems Limited audited financial statements, the purchase price for the acquisition of the trade and net assets is still under consideration and the integration process has not been finalised.

**Notes to the financial statements  
for the year ended 30 September 2014 (continued)**

**22 Parent undertakings and ultimate controlling party**

The company's immediate parent company at 30 September 2014 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 United States of America

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

**23 Acquisition**

Parametric Technology (UK) Limited acquired the trade and net assets of Enigma UK Limited on 1 October 2013 for \$200,000 The net assets acquired are set out in local currency below

	<b>Book Value</b>	<b>Total adjustments</b>	<b>Fair Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors and other receivables	1,508	-	1,508
Creditors, accruals and other liabilities	(1,952)	-	(1,952)
Cash at bank	33	-	33
Customer lists	-	536	536
	<b>(411)</b>	<b>536</b>	<b>125</b>
Goodwill			-
Consideration			<b>125</b>
Consideration satisfied by			
Cash			125

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

	<b>£'000</b>
Customer lists	536



**Notes to the financial statements  
for the year ended 30 September 2014 (continued)**

**23 Acquisition (continued)**

Before acquisition, the last financial year of the Enigma UK Limited began on 1 January 2013. The profit after tax for the financial year to 31 December 2013 was £0.6m.

From the date of acquisition to 30 September 2014 the business contributed £0.3m to turnover.

An indication of the contribution of the operating profit post-acquisition cannot be given, because as of acquisition date Enigma UK Limited was fully integrated into Parametric Technology (UK) Limited where both businesses participated in synergy effects in revenues and costs and therefore cannot be separated in detail.