

**Process Systems
Enterprise Limited**

FINANCIAL STATEMENTS

**For the Year ended
31 December 2015**

Registered number 03307708

Process Systems Enterprise Limited
FINANCIAL STATEMENTS

For the year ended 31 December 2015

Directors: R Longdon
C Pantelides
B McKenzie
M Matzopoulos
B Waldron
R Whitby-Smith

Company secretary: B McKenzie

Company registration number: 03307708

Registered office: 5th Floor East
26-28 Hammersmith Grove
London
W6 7HA

Independent auditor: Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Process Systems Enterprise Limited
FINANCIAL STATEMENTS

For the year ended 31 December 2015

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Process Systems Enterprise Limited

Group Strategic Report

For the year ended 31 December 2015

Business review

The principal activity of the Group ("PSE") is to provide Advanced Process Modelling technology and related model-based engineering and innovation services to the process industries around the world.

PSE helps its customers to apply advanced process models based on its gPROMS® platform technology; enabling them to explore the process decision space rapidly, reduce uncertainty and make better, faster and safe design and operating decisions through deeper understanding of their processes. This results in faster innovation, improved process and product designs, enhanced operations, reduced risk, more effective R&D and experimental campaigns, and better capture and transfer of corporate knowledge across the organisation. Results are achieved with relatively low investment compared to alternative approaches, with rapid returns.

PSE's global customer base of Fortune 500 process companies is served by operations in the UK, USA, Japan and Korea, with agencies in UAE, China, Taiwan and Malaysia. As a spin-out of Imperial College London, PSE has strong links to academia and its software is used in research and teaching in over 200 universities around the world.

gPROMS® is the world's leading Advanced Process Modelling platform. It provides the underlying modelling, solution and optimisation engine for PSE's gPROMS® family of products: general process engineering tools that include gPROMS® ModelBuilder, gPROMS® Process Builder®, GFORMULATE®, gSOLIDS®, gCRYSTAL®, gFUELCELL®, gCCS® and gFLARE® and Advanced Process Libraries associated with each.

Revenue for the year was £13.7m, which was a 21% increase on the previous period (2014: £11.3m). The profit for the year was £2.4m (2014: £1.0m).

The Group continues to invest profits from software licence revenues and consulting services into building presence in new markets, enhancing its sales and marketing expertise, product development and expanding its product portfolio.

Principal risks and uncertainties

Technology & competition

If a third party produces a more advanced solution with better market acceptance and/or improved functionality, or a similar solution with significantly lower cost, this could have a material adverse effect of the Company's business. The Company continually develops the quality and functionality of its products, investing over 30% of revenue per annum in R&D to bring new products and enhancements to market.

Litigation risk

Technology-based companies are frequently subject to litigation with respect to patent and other intellectual property rights. Any litigation to determine the validity of third-party infringement claims or defined the Company's intellectual property could, at a minimum, be costly. There have been no substantive challenges to our IP position.

Process Systems Enterprise Limited

Group Strategic Report

For the year ended 31 December 2015

Price pressures and competition

In common with other business to business providers, the Company is subject to pricing pressures and these are greater where there are more real or perceived alternatives to PSE's products and services. The near-term success of the Company's business depends on customers understanding the benefit of advanced process modelling. The Company seeks to drive adoption and awareness of its product through marketing, strong educational programmes and compelling evidence from publicly available case studies. The continued growth in new and existing customers demonstrates that they increasingly understand the benefits to their businesses.

Economic environment

The Company's operating results and financing capacity could be adversely affected by the current world economic outlook. This can make it difficult to forecast and therefore plan accordingly. The Company offers customers incentives for longer term commitments and is moving its user base gradually towards operational activities.

Exchange rate risk

The Company operates in several countries and its results are impacted by changes in currency exchange rates. As far as possible revenues and costs in the same currency are offset and balances are maintained in various currency denominated accounts to mitigate the impact of currency fluctuations.

Financial key performance indicators

When we consider our future outlook and the goals we wish to achieve, we focus our attention on those areas of greatest significance to our business. We assess whether there are any potential sustainability issues relating to these areas and make a direct link between the sustainability challenges we face and our business strategy.

	2015 £	2014 £	Change £
Revenue	£13.7m	£11.3m	+ £2.4m
Net profit after tax	£2.4m	£1.0m	+ £1.4m
Cash Funds available	£2.0m	£1.4m	+ £0.6m

This report was approved by the board on 10 JUNE 2016
behalf.

and signed on its

C Pantelides
Director



Process Systems Enterprise Limited

Directors' Report

For the year ended 31 December 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

This is the first year in which the financial statements have been prepared under IFRS.

Principal activity

The principal activity of the Group ("PSE") is to provide Advanced Process Modelling technology and related model-based engineering and innovation services to the process industries around the world.

Directors

The directors who served during the year were:

R Longdon (appointed 1 February 2015)
C Pantelides
B McKenzie
M Matzopoulos (appointed 1 April 2015)
B Waldron
R Whitby-Smith
K Guy (resigned 31 January 2015)
E Pistikopoulos (resigned 31 March 2015)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, Strategic 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 elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and

Process Systems Enterprise Limited

Directors' Report

For the year ended 31 December 2015

- 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 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 and Article 4 of the IAS Regulation. 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 and the group'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.

Auditors

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

This report was approved by the board on
behalf

10 JUNE

2016 and signed on its



C Pantelides
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Process Systems Enterprise Limited

We have audited the financial statements of Process Systems Enterprise Limited for the year ended 31 December 2015 which comprise the consolidated Profit and loss account, the consolidated Statement of total recognised gains and losses, the consolidated and company Balance sheets, the consolidated Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' responsibilities statement set out on pages 3 and 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeuk/private.

Opinion on financial statements

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 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
Process Systems Enterprise Limited**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Sergio Cardoso (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
London

13 June 2016

Process Systems Enterprise Limited
Consolidated Statement of Income

For the year ended 31 December 2015

	Note	2015 £	2014 £
Revenue	1,2	13,744,833	11,305,663
Cost of sales		<u>(5,318,589)</u>	<u>(4,981,808)</u>
Gross profit		8,426,244	6,323,855
Administrative expenses		<u>(6,414,642)</u>	<u>(5,481,689)</u>
Profit from operations	3	2,011,602	842,166
Interest receivable and similar income	6	107	118
Interest payable and similar charges	7	<u>(1,131)</u>	<u>(1,559)</u>
Profit on ordinary activities before taxation		2,010,578	840,725
Tax on profit on ordinary activities	8	<u>381,166</u>	<u>139,342</u>
Profit for the year		2,391,744	980,067
Attributable to			
Equity holders of the group		2,388,361	979,936
Non-controlling interests		3,383	131
Profit for the year	18	<u>2,391,744</u>	<u>980,067</u>

All amounts relate to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

Process Systems Enterprise Limited
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 £	2014 £
Profit for the financial year		2,388,361	979,936
Currency translation differences		<u>(13,612)</u>	<u>(1,461)</u>
Total comprehensive income for the year		<u>2,374,749</u>	<u>978,475</u>


The accompanying accounting policies and notes form an integral part of these financial statements.

Process Systems Enterprise Limited

Consolidated Statement of Financial Position As at 31 December 2015

	Note	2015 £	2014 £	2013 £
Non-current assets				
Intangible assets	9	4,642,750	2,929,620	1,775,139
Plant, property and equipment	10	427,833	534,621	212,222
		<u>5,070,583</u>	<u>3,464,241</u>	<u>1,987,361</u>
Current assets				
Trade and other receivables	13	5,199,836	3,817,276	4,255,811
Cash and cash equivalents		1,967,120	1,442,127	1,329,770
		<u>7,166,956</u>	<u>5,259,403</u>	<u>5,585,581</u>
Current liabilities	14	<u>(4,784,196)</u>	<u>(3,771,815)</u>	<u>(3,616,173)</u>
Net current assets		<u>2,382,760</u>	<u>1,487,588</u>	<u>1,969,408</u>
Total assets less current liabilities		<u>7,453,343</u>	<u>4,951,829</u>	<u>3,956,769</u>
Provisions for liabilities	15	(120,000)	-	-
Net assets		<u>7,333,343</u>	<u>4,951,829</u>	<u>3,956,769</u>
Equity				
Share capital	15	115,504	115,504	115,504
Share premium	18	2,208,840	2,208,840	2,208,840
Retained earnings	18	4,998,678	2,620,546	1,632,425
Shareholders' funds	19	<u>7,323,022</u>	<u>4,944,890</u>	<u>3,956,769</u>
Non-controlling interests	23	<u>10,321</u>	<u>6,939</u>	<u>-</u>
Total equity	23	<u>7,333,343</u>	<u>4,951,829</u>	<u>3,956,769</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2016.



B McKenzie
Director



C Pantelides
Director

Registered number 03307708

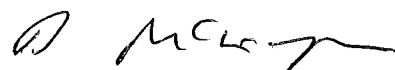
The accompanying accounting policies and notes form an integral part of these financial statements.

Process Systems Enterprise Limited

Company Statement of Financial Position As at 31 December 2015

	Note	2015 £	2014 £	2013 £
Non-current assets				
Intangible assets	9	4,642,750	2,929,620	1,775,139
Plant, property and equipment	10	380,553	491,721	130,464
Investments	11	33,864	33,864	27,213
		<u>5,057,167</u>	<u>3,455,205</u>	<u>1,932,816</u>
Current assets				
Trade and other receivables	13	5,550,657	3,934,451	4,445,054
Cash and cash equivalents		1,278,947	1,246,880	1,213,249
		<u>6,829,604</u>	<u>5,181,331</u>	<u>5,658,303</u>
Current liabilities	14	<u>(4,545,840)</u>	<u>(3,641,561)</u>	<u>(3,571,638)</u>
Net current assets		2,283,764	1,539,770	2,086,665
Total assets less current liabilities		<u>7,340,931</u>	<u>4,994,975</u>	<u>4,019,481</u>
Provisions for liabilities	15	(120,000)	-	-
Net assets		<u>7,220,931</u>	<u>4,994,975</u>	<u>4,019,481</u>
Equity				
Share capital	16	115,504	115,504	115,504
Share premium	18	2,208,840	2,208,840	2,208,840
Retained earnings	18	4,896,587	2,670,631	1,695,137
Shareholders' funds	19	<u>7,220,931</u>	<u>4,994,975</u>	<u>4,019,481</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 June 2016.



B McKenzie
Director



C Pantelides
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	Note	2015 £	2014 £
Cash flow from operating activities	20	3,873,731	1,982,204
Income taxes received		512,714	788,799
Net cash inflow from operating activities		4,386,445	2,771,003
Cash flow from investing activities	21		
Purchase of plant, property and equipment		(67,075)	(548,669)
Purchase of intangible assets		(3,793,353)	(2,099,385)
Investment in subsidiaries and investments		-	(9,151)
Net cash outflow from investing activities		(3,860,428)	(2,657,205)
Cash flow from financing activities	21		
Interest received		107	118
Interest paid		(1,131)	(1,559)
Net cash outflow from financing activities		(1,024)	(1,441)
Increase in cash in the year		524,993	112,357

Reconciliation of Net Cash Flow to Movement in Net funds

For the year ended 31 December 2015

	2015 £	2014 £
Increase in cash in the year	524,993	112,357
Movement in net debt in the year	524,993	112,357
Net funds at 1 January 2015	1,442,127	1,329,770
Net funds at 31 December 2015	1,967,120	1,442,127

The accompanying accounting policies and notes form an integral part of these financial statements.

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out below.

This is the first year in which the financial statements have been prepared under IFRS.

The financial statements are presented in Sterling (£).

Basis of Preparation of financial statements

The consolidated financial statements have been prepared in accordance with IFRS as adopted for use in the European Union, including International Accounting Standards (IAS) and International Financial Reporting Standards Interpretations Committee (IFRSIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by The European Union. The consolidated financial statements have been prepared under the historical cost convention.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Basis of consolidation

The financial statements consolidate the revenue, costs, assets and liabilities and cash flows of the Company and its subsidiaries, being those entities that the Group is deemed to have control over. It will be deemed to have controls when it has power over the entity, is exposed to or has rights to variable returns from the entity and has the ability to use its power over the entity to affect the amount of the entity's returns.

Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Revenue

Revenue represents amounts receivable for goods and services net of VAT.

In addition to the main technology deliverable, software licences are generally sold including an element of post-sales support, maintenance and upgrade performance obligations. The accounting policy in respect of licences is to recognise revenue as the individual performance obligations are met. Revenues from product support agreements are recognised over the support period.

Revenue associated with time and materials contracts is recognised as the costs are incurred. Revenue in relation to fixed price consulting is recognised on a percentage completion basis.

Intangible assets

Intangible assets are amortised to the statement of income over the estimated useful economic life.

Process Systems Enterprise Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Plant, property and equipment

Plant, property and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Land and Buildings	5 years straight line
Fixtures, fittings and equipment	5 years straight line
Computer Equipment	2-3 years straight line

Investments

- (i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) Unlisted investments
Investments held as fixed assets are shown at cost less provision for impairment.

Operating leases

Rentals payable under operating leases are charged to the statement of income on a straight line basis over the lease term. Incentives provided by the lessor are credited to the income statement on a straight line basis over the minimum lease term.

Foreign currencies

In preparing the financial statements, transactions in foreign currencies are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in statement of comprehensive income in the period in which they arise.

Research and development

Research and development expenditure is capitalised in the year in which it is incurred and carried on the statement of financial position as a non-current asset, providing management can demonstrate all of the following;

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
 - its intention to complete the intangible asset and use or sell it.
 - its ability to use or sell the intangible asset.
 - how the intangible asset will generate probable future economic benefits.
 - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
 - its ability to measure reliably the expenditure attributable to the intangible asset during its development.
- Any costs that do not meet this definition are expensed to the statement of income.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The Group has no legal or constructive obligation to make any further payments to the plan other than the contributions due.

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Management is of the opinion that the value of the intangible assets at 31 December 2015 is appropriate and that no reduction for any impairment is considered necessary.

2 Revenue

The whole of the revenue is attributable to the principal activity of the group.

A geographical analysis of revenue is as follows:

	2015 £	2014 £
United Kingdom	2,294,079	1,792,496
Americas	5,191,736	4,846,195
Europe, Middle East & Africa (excluding UK)	3,204,924	2,716,049
Asia	3,054,094	1,950,923
	<u>13,744,833</u>	<u>11,305,663</u>

3 Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of plant, property and equipment: owned by the group	173,465	226,270
Auditor's remuneration	19,350	16,450
Auditor's remuneration – non-audit	9,500	3,500
Operating lease rentals: other operating leases	391,855	390,750
Difference on foreign exchange	<u>(23,180)</u>	<u>135,150</u>

4 Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	8,421,424	6,702,110
Social security costs	768,991	921,045
Other pension costs	335,350	228,248
	<u>9,525,765</u>	<u>7,851,403</u>

Of the above costs £2,370,845 (2014: £2,048,140) has been capitalised as an intangible asset.

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

The average monthly number of employees, including the directors, during the year was as follows:

	2015 Number	2014 Number
Sales & marketing	40	30
Technical	82	70
Administration	17	14
	<u>139</u>	<u>114</u>

5 Directors' remuneration

	2015 £	2014 £
Remuneration	<u>469,952</u>	<u>354,192</u>
Company pension contributions to defined contribution pension schemes	<u>264,025</u>	<u>13,390</u>

During the year retirement benefits were accruing to 3 directors (2014: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £286,977 (2014: £180,250).

The value of the company's contributions paid to a contribution pension scheme in respect of the highest paid director amounted to £143,452 (2014: £7,210).

The statutory directors are the only members of the management team who meet the definition of key management personnel.

6 Interest receivable

	2015 £	2014 £
Bank interest	<u>107</u>	<u>118</u>

7 Interest payable

	2015 £	2014 £
On bank loans and overdrafts	1,045	1,032
Other interest payable	86	527
	<u>1,131</u>	<u>1,559</u>

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

8 Taxation

	2015 £	2014 £
Analysis of tax credit in the year		
Current tax (see note below)		
United Kingdom corporation tax credit on loss for the year	(350,476)	(371,127)
Adjustments in respect of prior periods	(130,732)	(8,979)
Foreign tax on income for the year	-	(2,238)
Total current tax	(481,208)	(382,344)
Deferred tax		
Origination and reversal of timing differences	124,642	225,214
Adjustments in respect of prior periods	37,574	17,788
Effect of tax rate change on opening balance	(62,174)	-
Total deferred tax	100,042	243,002
Tax on profit on ordinary activities	(381,166)	(139,342)
Factors affecting tax charge for the year		
The tax assessed for the year is higher than (2014: - higher than) the standard rate of corporation tax in the United Kingdom 20.25% (2014: 21%). The differences are explained below:		
Profit on ordinary activities before tax	2,010,578	840,725
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21%)	407,142	180,672
Effect of:		
Fixed asset differences	-	1,379
Expenses not deductible for tax purposes	8,631	5,775
Additional deduction for research and development expenditure	(731,167)	(509,509)
Surrender of tax losses for research and development tax credit refund	136,684	195,926
Adjustments to tax charge in respect of prior periods	(130,732)	(8,979)
Adjustment of deferred tax to average tax rate	(84,954)	(7,839)
Effect of overseas tax rates	-	3,234
Movement in unrecognised deferred tax	13,230	-
Current tax credit for the year (see note above)	(381,166)	(139,342)

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

9 Intangible assets

	Software £
Group and Company	
Cost	
At 1 January 2015	5,679,509
Additions	3,793,353
At 31 December 2015	<u>9,472,862</u>
Amortisation	
At 1 January 2015	2,749,889
Charged in the year	2,080,223
At 31 December 2015	<u>4,830,112</u>
Net book amount at 31 December 2015	<u>4,642,750</u>
Net book amount at 31 December 2014	<u>2,929,620</u>

10 Plant, property and equipment

	Land and buildings £	Fixtures, fittings and computer equipment £	Total £
Group			
Cost			
At 1 January 2015	380,744	470,196	850,940
Additions	16,858	50,217	67,075
Disposals	-	66,165	66,165
At 31 December 2015	<u>397,602</u>	<u>586,578</u>	<u>984,180</u>
Depreciation			
At 1 January 2015	63,528	252,791	316,319
Charged in the year	77,978	95,487	173,465
Disposals	-	66,563	66,563
At 31 December 2015	<u>141,506</u>	<u>414,841</u>	<u>556,347</u>
Net book amount at 31 December 2015	<u>256,096</u>	<u>171,737</u>	<u>427,833</u>
Net book amount at 31 December 2014	<u>317,216</u>	<u>217,405</u>	<u>534,621</u>

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Plant, property and equipment (continued)

Company	Land and buildings £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 January 2015	380,744	363,265	744,009
Additions	16,858	50,217	67,075
Disposals	-	66,165	66,165
At 31 December 2015	397,602	347,317	744,919
Depreciation			
At 1 January 2015	63,527	188,761	252,288
Provided in the year	77,978	100,663	178,641
Disposals	-	66,563	66,563
At 31 December 2015	141,505	222,861	364,366
Net book amount at 31 December 2015	256,097	124,456	380,553
Net book amount at 31 December 2014	317,217	174,504	491,721

11 Fixed asset investments

Company	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2015	33,852	12	33,864
Additions	-	-	-
At 31 December 2015	33,852	12	33,864
Net book value			
At 31 December 2015	33,852	12	33,864
At 31 December 2014	33,852	12	33,864

Process Systems Enterprise Limited
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For the year ended 31 December 2015

12 Subsidiary undertakings

The parent company holds more than 20% of the share capital of the following undertakings:

Company name	Country	Percentage shareholding	
		2015	2014
PSE Inc	USA	100	100
PSE Korea	Korea	100	100
PSE Oil & Gas Limited	United Kingdom	100	100
BlueWatt Engineering Sarl	Switzerland	50	50

BlueWatt Engineering SARL is fully consolidated as the directors consider they have ultimate control over the decision making process in that entity through their representation on the board. The principal activity of all subsidiaries is sale and support of gPROMS based software products and provision of consulting services.

13 Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade receivables	3,969,332	2,764,135	2,906,847	2,676,846
Amounts owed by other group undertakings	-	-	1,445,931	226,003
Other debtors	32,243	(3,468)	6,435	(6,099)
Prepayments and accrued income	823,522	650,364	816,705	631,456
Tax recoverable	374,739	406,245	374,739	406,245
	<u>5,199,836</u>	<u>3,817,276</u>	<u>5,550,657</u>	<u>3,934,451</u>

14 Current liabilities

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade payables	547,029	367,823	542,269	359,206
Other taxation and social security	406,580	188,846	356,937	178,753
Other creditors	104,445	151,808	104,445	151,808
Deferred taxation	688,043	588,001	688,043	588,001
Accruals and deferred income	3,038,099	2,475,337	2,854,146	2,363,793
	<u>4,784,196</u>	<u>3,771,815</u>	<u>4,545,840</u>	<u>3,641,561</u>

Process Systems Enterprise Limited
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For the year ended 31 December 2015

15 Provisions for liabilities

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Dilapidations provision	120,000	-	120,000	-
	120,000	-	120,000	-

16 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
11,550,400 Ordinary shares of £0.01 each	115,504	115,504

17 Share option plan

The company has a share option scheme for all employees and directors. Options are exercisable at a price determined based on the estimated market value at the time of issue.

The options vest over 3 years. There are no specific performance criteria attached to the exercise of options. The options are settled in equity once exercised. Options are generally forfeited if the employee leaves the company. Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year as follows:

	2015	2015
	Number	WAEP
Outstanding at the beginning of the year	1,348,480	£0.93
Granted during the year	108,000	£1.34
Exercised during the year	-	-
Forfeited during the year	10,000	£0.77
Outstanding at the year end	1,446,480	£1.08
Exercisable at the year end	1,316,610	£0.84

The share options outstanding at the year end have a weighted average remaining contractual life of 5.17 years and weighted average exercise price of £1.08 with a range of exercise prices from £0.77 to £1.34.

18 Reserves

	Share premium account	Profit and loss account
	£	£
Group		
At 1 January 2015	2,208,840	2,620,546
Profit for the year		2,391,744
Other movements		(13, 612)
At 31 December 2015	2,208,840	4,998,678

Process Systems Enterprise Limited
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For the year ended 31 December 2015

Reserves (continued)

	Share premium account £	Profit and loss account £
Company		
At 1 January 2015	2,208,840	2,670,631
Profit for the year		2,225,956
At 31 December 2015	<u>2,208,840</u>	<u>4,896,587</u>

19 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Group		
Profit for the financial year	2,391,744	980,067
Other recognised gains and losses during the year	(13,612)	(1,461)
Shareholders' funds at 1 January 2015	<u>4,994,890</u>	<u>3,966,284</u>
Shareholders' funds at 31 December 2015	<u>7,373,022</u>	<u>4,944,890</u>
	2015 £	2014 £
Company		
Profit for the financial year	2,225,956	889,903
Shareholders' funds at 1 January 2015	<u>4,994,975</u>	<u>4,105,072</u>
Shareholders' funds at 31 December 2015	<u>7,220,931</u>	<u>4,994,975</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £ 2,225,956 (2014: £889,903).

20 Net cash outflow from operating activities

	2015 £	2014 £
Operating profit	2,011,602	842,166
Currency translation differences	(13,612)	26,807
Depreciation of plant, property and equipment	173,465	226,280
Amortisation of intangible assets	2,080,223	525,284
Impairment of fixed assets	-	2,500
(Increase)/decrease in receivables	(1,481,544)	3,084
Increase in payables	1,103,597	356,083
Net cash outflow from operating activities	<u>3,873,731</u>	<u>1,982,204</u>

Process Systems Enterprise Limited
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For the year ended 31 December 2015

21 Analysis of cash flows for headings netted in cash flow statement

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	107	118
Interest paid	(1,131)	(1,559)
Net cash outflow from returns on investments and servicing of finance	(1,024)	(1,441)
	2015	2014
	£	£
Capital expenditure and financial investment		
Purchase of plant, property and equipment	(67,075)	(548,669)
Purchase of intangible assets	(3,793,352)	(2,099,385)
Investment in subsidiaries and investments	-	(9,151)
	(3,860,427)	(2,657,205)

22 Analysis of changes in net funds

	1 January 2015	Cash flow 2015	Other non cash changes	31 December 2015
	£	£	£	£
Cash at bank and in hand	1,442,127	524,993	-	1,967,120
Net funds	1,442,127	524,993	-	1,967,030

23 Non-controlling interests

	£
Equity	
At 1 January 2015	6,939
Proportion of profit after taxation for the year	3,383
Non-controlling interest share of net assets on acquisition	-
At 31 December 2015	10,322

Process Systems Enterprise Limited
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For the year ended 31 December 2015

24 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £253,821 (2014: £208,107). There are no outstanding contributions at the balance sheet date (2014: £nil).

25 Operating lease commitments

At 31 December 2015 the group had annual commitments under non-cancellable leases as follows:

	2015		2014	
	Land and buildings		Other	
	2015	2014	2015	2014
Group	£	£	£	£
Expiry date:				
Within 1 year	51,609	-	-	-
Between two and five years	334,493	386,102	5,754	5,754
	<u>386,102</u>	<u>386,102</u>	<u>5,754</u>	<u>5,754</u>

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015		2014	
	Land and buildings		Other	
	2015	2014	2015	2014
Company	£	£	£	£
Expiry date:				
Within 1 year	-	-	-	-
Between two and five years	334,493	334,493	5,754	5,754
	<u>334,493</u>	<u>334,493</u>	<u>5,754</u>	<u>5,754</u>

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

26 Related party transactions

The Group has taken advantage of the exemptions contained within IAS 24 (Related Party Disclosures) from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

During the year to 31 December 2015, the company entered into transactions with the following:

K Guy – a company director and shareholder. K Guy retired as director on 31 January 2015.

Ayresome Limited – a company controlled by B J Waldron, a company director.

Redino Limited – a company controlled by R Longdon, a company director.

Ariston Consulting Limited – a company controlled by E N Pistikopoulos, a company director and shareholder. E N Pistikopoulos resigned as director on 31 March 2015.

Albion Ventures LLP – a company shareholder. R Whitby-Smith, a company director, is a partner of Albion Ventures LLP.

	2015	2014
	£	£
Consultancy fees paid to Redino Limited	10,000	-
Consultancy fees paid to K Guy	1,650	12,525
Consultancy fees paid to Ayresome Limited	4,000	5,500
Consultancy fees paid to Ariston Consulting Limited	-	3,000
Consultancy fees paid to Albion Ventures LLP	16,000	16,000

27 Controlling party

For the year ended, 31 December 2015 no single individual was deemed to have effective control of the group.

28 Capital commitments

The group had no capital commitments as at 31 December 2015 or 31 December 2014.

29 Contingent assets and liabilities

There were no material contingent assets or liabilities at 31 December 2015 or 31 December 2014.

30 Post balance sheet events

On 1 April 2016, the Group increased its shareholding of BlueWatt Engineering Sarl to 100%.

There were no other material post balance sheet events after 31 December 2015 up to the date of signing these accounts.

Process Systems Enterprise Limited
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

31 Transition to IFRS

The company has adopted IFRS for the year ended 31 December 2015 and has restated the comparative prior year amounts.

Explanations

1. The unutilised holiday pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.
2. The rent free lease accrual represents operating lease incentives which are recognised over the lease term under IFRS. This differs to the treatment under UK GAAP, where lease incentives are recognised over the period to the first break clause.
3. Under IFRS, research and development costs must be capitalised rather than expensed if they meet the recognition criteria as per IAS 38, thus recognising an intangible asset on the statement of financial position.
4. Of the intangible assets that have been capitalised in point 3 above, those qualifying for R&D expenditure are allowable for tax relief in the year. This creates a deferred tax liability because the tax relief is accelerated.

		Profit effect (£)	
		31 Dec 2014	31 Dec 2013
Unutilised holiday pay	1		(72,327)
Rent free lease accrual	2	(22,548)	
Research and development costs	3	1,154,481	1,788,939
Deferred taxation	4	(232,973)	(355,028)

		31 Dec 2014	31 Dec 2013
Shareholders' funds		2,684,346	2,608,985
Effect of:			
Unutilised holiday pay	1	(72,327)	(72,327)
Rent free lease accrual	2	(22,548)	-
Research and development costs	3	2,943,420	1,775,139
Deferred taxation	4	(588,001)	(355,028)
Shareholders' funds (restated)		4,944,890	3,956,769