Registered number 00803680

AVEVA Solutions Limited

Financial statements for the year ended 31 March 2013 together with directors' and auditor's reports

Registered number 00803680

Directors' report (continued)

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 March 2013

Principal activities and business review and future developments
The company has continued to be involved in the marketing and development of computer software for engineering and related applications

The Key Performance Indicators (KPIs) used by the company to measure its own performance are total revenue, profit before tax and headcount

The company made a profit for the year before taxation of £54 5 million (2012 – £49 4 million) The profit for 2013 included £2 0 million (2012 - £12 8 million) of dividend income from subsidiaries Revenue increased by 18% to £149 4 million (2012 - £126 2 million) with exports representing 88% of the business (2012 - 87%) Total headcount at 31 March 2013 was 374 (2012 - 368), an increase of 6 heads Total staff costs for the year were £29 5 million compared to £27 3 million in 2012, an increase of 8%

AVEVA's customers are owners, operators and engineering contractors associated with complex process plant and marine assets who operate in the Power, Oil and Gas, Marine, Paper & Pulp, and many process related industries Most large scale engineering projects are unique and of such a scale that they cannot be prototyped, but employ a concurrent design and build approach, often involving many partners across the globe working together on a single project AVEVA has unparalleled experience and understanding of providing software and services to this complex market

The company is continuing to invest in Research and Development to ensure that it retains its competitive advantage across all its product range This together with continuing strength in the company's end user markets, the directors feel that the company has strong prospects for growth in revenue and profitability

On 22 May 2012, the Group acquired 100% of the issued share capital of the Bocad group of companies based in Belgium and Germany The acquisition consideration was cash of €17 5 million (£14 0 million) on a debt free/cash free basis which has been settled from existing cash resources As part of this transaction, AVEVA Solutions Limited acquired 100% of the issued share capital of Bocad Service International SA, a company incorporated in Belgium

Review of principal risks and uncertainties
AVEVA has continued to be successful during the year, but as with any organisation there are a number of potential risks and uncertainties which could have a material impact on the company's long term performance The principal risks and uncertainties faced by the company are as follows

Dependency on key markets
AVEVA generates a substantial amount of its income from customers whose main business is derived from capital projects driven predominantly by growth in the Oil and Gas, Power and Marine markets World economic conditions or funding constraints for new capital projects may adversely affect our financial performance

AVEVA already has a broad spread across existing and new market segments It is central to our strategy to diversify our customer offerings into Enterprise Solutions and Plant operations This will help secure a longer term income stream that extends beyond the design/build phase of these capital projects In addition, our expanding global presence provides some mitigation over-reliance on key geographic markets

Directors' report (continued)

Competition
AVEVA operates in highly competitive markets that serve the Oil & Gas, Power and Marine markets We believe that there are a relatively small number of significant competitors serving our markets However, some of these competitors could, in the future, pose a greater competitive threat, particularly if they consolidate or form strategic or commercial relationships among themselves or with larger, well capitalised companies A further threat is posed by the entrance, into AVEVA's markets, of a much larger technology competitor

We carefully monitor customers and other suppliers operating within our chosen markets We stay close to our customers and ensure we have a strong understanding of their needs and their expectations from the AVEVA product development roadmap

During FY13 we launched AVEVA Everything 3D™ and our vision for the future of plant design This together with a number of other new products will help cement our relationships with our customers and reinforce barriers to competition

Enterprise Solutions
The development of the company's Enterprise Solutions business represents a significant opportunity for the company This is a relatively new market with different characteristics compared to our traditional Engineering and Design business This brings different challenges and opportunities for the company which although we believe we are well positioned to manage and exploit However, there remains a risk that our investment in this area does not produce the financial returns as quickly as expected We have managed our investment into Enterprise Solutions carefully employing experienced industry professionals, building commercial partnerships with third party systems integrators, and carefully selecting our target markets and customers

Identification and successful integration of acquisitions
The integration of acquisitions involves a number of unique risks, including diversion of management's attention, failure to retain key personnel of the acquired business, failure to realise the benefits anticipated to result from the acquisition and successful integration of the acquired intellectual property While each acquisition and integration is unique, AVEVA now has an experienced team to appraise and complete acquisitions The company's experience of previous 'bolt-on' acquisitions provides a good understanding of potential integration risks and as a result we feel well placed to successfully manage these risks

Protection of intellectual property
The company's success has been built upon the development of its substantial intellectual property rights and the future growth of the business requires the continual protection of these tools

The protection of the company's proprietary software products is achieved by licensing rights to use the application, rather than selling or licensing the computer source code The company uses third party technology to encrypt, protect and restrict access to its products Access limitations and rights are also defined within the terms of the software licence agreement The company seeks to ensure that its intellectual property rights are appropriately protected by law and seeks to assert is proprietary rights wherever possible

Research and development
The company makes substantial investments in Research and Development in enhancing existing products and introducing new products and must effectively appraise its investment decisions and ensure that we continue to provide class-leading solutions that meet the needs of our markets

Our software products are complex and new products or enhancements may contain undetected errors, failures, performance problems or defects which may impact our strong reputation with our customers

AVEVA continually reviews the alignment of the activities of our Research & Development teams to ensure that they remain focused on areas that will meet the demands of our customers and deliver appropriate financial returns This process is managed by developing a product roadmap that identifies the schedule for new products and the enhancements that will be made to successive versions of existing products Products are extensively tested prior to commercial launch

Directors' report (continued)

International operations
The company now operates in over 40 countries globally and must determine how best to utilise its resources across these diverse markets Where necessary the business must adapt its market approach to best capitalise on local market opportunities, particularly in key growth strategic economies In addition, the company is required to comply with the local laws, regulations and tax legislation in each of these jurisdictions Significant changes in these laws and regulations or failure to comply with them could lead to additional liabilities and penalties

Recruitment and retention of employees
AVEVA's success has been built on the quality and reputation of its products and services, which rely almost entirely on the quality of the people developing and delivering them Managing this pool of highly skilled and motivated individuals across all disciplines and geographies remains key to our ongoing success

The company endeavours to ensure that employees are motivated in their work and there are regular appraisals, with staff encouraged to develop their skills

Annually there is a company-wide salary review that rewards strong performance and ensures salaries remain competitive Commission and bonus schemes help to ensure individual success is appropriately rewarded

Foreign exchange risk
Exposure to foreign currency gains and losses can be material to the company, with approximately 80% of the company's revenue denominated in a foreign currency, of which our two largest are US Dollar and Euro

The company enters into forward foreign currency contracts to manage the currency risk where material The overseas subsidiaries trade in their own currencies, which also acts as a natural hedge against currency movements In recent months, world currencies have become more volatile

Results and dividends
The company's results and dividends are as follows

	£000
Retained profit, at 31 March 2012	94,739
Profit for the year after taxation	42,435
Share-based payment reserve adjustment	451
Ordinary dividends paid	
- final for the year ended 31 March 2013 of £17 78 per share (note 10)	(30,000)
Actuarial loss (net of tax)	(4,364)
Retained profit, at 31 March 2013	103,261

Intellectual property
The company owns intellectual property both in its software tools and in the products derived from them This includes the products families known as AVEVA Plant, AVEVA Marine and Enterprise Solutions The directors consider these to be of significant value to the business, with those being acquired capitalised at cost and internally developed intellectual property costs being written off as incurred

Research and development
The company continues an active programme of Research and Development which covers updating of and extension to its range of products The Research and Development expense for the year was £31 0 million (2012 - £33 1 million)

Directors' report (continued)

Directors
The directors who served during the year are as shown below

P Aiken (Chairman)	(appointed 1 May 2012)
N Prest CBE	(retired 12 July 2012)
J Brooks	
P Dayer	
R Longdon	
J Kidd	
D H V Wheeldon	
D Middlemas	

Creditors' payment practice
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with by the other party The number of creditor days was 30 at the year end (2012 – 48 days)

Disabled employees
The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job Opportunities are available to disabled employees for training, career development and promotion

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim as well as reasonable adjustments to the workplace and other support mechanisms

Financial instruments
The company's principal financial instruments comprise cash and short-term deposits and forward foreign exchange contracts The company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations

The company enters into forward currency contracts to manage currency risks arising from the company's operations

It is, and has been, throughout the period under review, the company's policy that no speculative trading in financial instruments shall be undertaken

Charitable donations
During the year the company made charitable donations totalling over £55,000 (2012 – over £50,000) of which £13,000 was paid to Macmillan Cancer Support and £15,000 to The Outward Bound Trust The remainder was donated to local and national charities

During the year the company did not make any political contributions (2012 - £nil)

Post balance sheet event
In May 2013, the company declared and paid a special dividend amounting to £30,000,000

Going concern
The company has significant financial resources, is profitable and has a strong position in the market
After making enquiries and considering the cash flow forecasts for the company, the Directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future
For this reason they continue to adopt the going concern basis in preparing the financial statements

Auditors
A resolution to reappoint Ernst & Young LLP as auditors for the ensuing year will be put to the members at the Annual General Meeting

Directors' report (continued)

Directors' statement as to disclosure of information to auditors
The Directors who were members of the Board at the time of approving the Directors' report are listed on page 4
Each of the persons who are Directors at the time this Directors' report is approved has confirmed that

- so far as he is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditors are unaware, and

- he has taken all the steps he ought to have taken as a Director in order to make himself aware of any such relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board,

High Cross
Madingley Road
Cambridge
CB3 0HB

HPBHague

Helen Barrett-Hague
Secretary
8 October 2013

Statement of Directors' responsibilities

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Annual 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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

Auditor's report

Independent auditor's report to the members of AVEVA Solutions Limited

We have audited the financial statements of AVEVA Solutions Limited for the year ended 31 March 2013, which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

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 In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the complications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit 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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Bob Forsyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
14 October 2013

Profit and loss account

For the year ended 31 March 2013

	Notes	2013	2012
		£000	£000
Revenue	2	149,429	126,153
Cost of sales		(13,011)	(9,517)
Gross profit		136,418	116,636
Other operating expenses	3	(83,343)	(75,723)
Impairment of inter-company receivables	23	(1,500)	(5,003)
Operating profit		51,575	35,910
Income from shares in group undertakings		1,964	12,848
Interest receivable	4	1,307	1,200
Interest payable and similar charges	5	(84)	(307)
Other finance charges (net)	6	(218)	(224)
Profit on ordinary activities before taxation	7	54,544	49,427
Tax on profit on ordinary activities	9	(12,109)	(10,583)
Profit on ordinary activities after taxation attributable to members of the company	17/18	42,435	38,844

The accompanying notes are an integral part of this profit and loss account

The above results are all derived from continuing operations

Statement of total recognised gains and losses

For the year ended 31 March 2013

	Notes	2013 £000	2012 £000
Profit for the financial year		42,435	38,844
Actuarial loss on defined benefit pension scheme	19	(5,668)	(6,828)
Deferred tax on actuarial loss	9(b)	1,304	1,639
Total recognised gains and losses in the year		38,071	33,655

The accompanying notes are an integral part of this statement of total recognised gains and losses

Balance sheet

31 March 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Intangible assets	11	15,434	8,246
Tangible assets	12	3,143	3,331
Investments	13	59,733	52,371
		78,310	63,948
Current assets			
Debtors	14	42,942	42,590
Cash at bank and in hand		147,899	139,852
		190,841	182,442
Creditors Amounts falling due within one year	15	(134,026)	(124,027)
Net current assets		56,815	58,415
Net assets excluding defined pension liability		135,125	122,363
Defined benefit pension liability	19	(10,174)	(5,934)
Net assets		124,951	116,429
Capital and reserves			
Called-up share capital	16	1,688	1,688
Share premium account	17	99	99
Merger reserve account	17	19,903	19,903
Profit and loss account	17	103,261	94,739
Equity shareholder's funds	18	124,951	116,429

The financial statements on pages 8 to 33 were approved by the Board of Directors and signed on its behalf by

J Kidd Director

8 October 2013

The accompanying notes are an integral part of this balance sheet

1 Accounting policies

Set out below is a summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year

a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

As permitted by Financial Reporting Standard No 1 (Revised), "Cash flow statements", the company has not included a cash flow statement as part of its financial statements because the consolidated financial statements of its immediate parent company, AVEVA Group plc (of which the company is a wholly owned subsidiary) are publicly available

b) Consolidated financial statements

As permitted by Financial Reporting Standard No 2 – "Accounting for Subsidiary Undertakings" and Section 400 of the Companies Act 2006, the company has not produced consolidated financial statements, as it is a wholly-owned subsidiary of AVEVA Group plc which prepares consolidated financial statements which are publicly available These financial statements therefore present information about the company as an individual undertaking and not about its group

c) Significant accounting estimates

The key assumptions concerning the future and other key sources of judgement and estimation uncertainty at the Balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Defined benefit pension scheme

The determination of the company's obligations and expense for defined benefit pensions is dependent on the selection, by the Board of Directors, of assumptions used by the pension scheme actuary in calculating these amounts The assumptions applied are described in note 19 and include, amongst others, the discount rate, rates of increase in salaries and mortality rates While the Directors consider that the assumptions are appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect the amount of the company's future pension obligations, actuarial gains and losses included in the Statement of total recognised gains and losses in future years and the future staff costs The carrying amount of retirement benefit obligations at 31 March 2013 was £10,174,000 (2012 – £5,934,000)

Revenue recognition

Revenue from sales of software licences when these are combined with the delivery of significant implementation or customisation services is recognised in line with the delivery of the services to the customer This policy involves the assessment of which customer projects include significant customisation or implementation and also an assessment of the stage of completion of such projects We generally only enter into this type of contract in our Enterprise Solutions segment but the assessments and estimates used by the company could have a significant impact on the amount and timing of revenue recognised on a project

1 Accounting policies (continued)

d) Revenue

The company generates its revenue principally from licensing the rights to use its software products directly to end users and to a lesser extent indirectly through resellers Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the ordinary course of business, net of discounts and sales taxes It comprises of initial licence fees, annual fees and rental licence fees, together with income from consultancy and other related services For each revenue stream, revenue is not recognised unless and until

- a clear contractual arrangement can be evidenced,
- delivery has been made in accordance with that contract,
- if required, contractual acceptance criteria have been met, and
- the fee has been agreed and collectability is probable Where extended payment terms beyond 180 days exist, revenue recognition is deferred until payment is due

Initial/annual licence agreements

Users are charged an initial licence fee upon installation for a set number of users together with an obligatory annual fee, which is charged every year Annual fees consist of the continuing right to use and customer support and maintenance, which includes core product upgrades and enhancements and remote support services Users must continue to pay annual fees in order to maintain the right to use the software

Initial licence fees are recognised once the above conditions have been met Annual fees are recognised on a straight-line basis over the period of the contract, which is typically 12 months If annual fees are charged at a discount, an amount is allocated out of the initial licence fee at fair market value based on the value established when annual fees are charged separately to customers

Rental licence agreements

As an alternative to the initial licence fee plus annual fee model, the Company also supplies its software under 3 different types of rental licence agreement

Rental licence fees which are invoiced monthly and which are cancellable by the customer are recognised on a monthly basis

Other rental licence agreements are invoiced at the start of the contracted period, which is typically one year, are non-cancellable and consist of two separate components, the initial software delivery, and the continuing right to use with customer support and maintenance Revenue in respect of the continuing right to use and customer support and maintenance element is valued at fair market value based on the value established when annual fees are charged separately to the customer This component is recognised on a straight-line basis over the period of the contract The residual amount representing the implied initial fee element is recognised upfront, provided all of the above criteria have been met Where uncertainty exists and it is not possible to reliably determine the fair value of the customer support and maintenance element, all revenue is recognised on a straight-line basis over the period of the contract

The Company also licenses its software using a token licensing model Under this model, a 'basket of tokens' representing licences to use different software products over a defined period is granted, which enables the customer to draw these down as and when required Where the customer commits in advance to a specified number of tokens over a defined period, a proportion of revenue is recognised with an appropriate element deferred for customer support and maintenance obligations, subject to the above recognition conditions being met Where the customer is charged in arrears, revenue is recognised based on actual number of tokens used

Royalties

Income in respect of royalties is not recognised until reported by the subsidiary in re-licensing the company's products to the end user

1 Accounting policies (continued)

d) Revenue (continued)

Services

Services consist primarily of consultancy, implementation services and training and are performed under separate service arrangements Revenue from these services is recognised as the services are performed and stage of completion is determined by reference to the costs incurred as a proportion of the total estimated costs of the service project If a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred Provision is made as soon as a loss is foreseen

If an arrangement includes both licence and service elements, licence fee revenue is recognised upon delivery of the software provided that services do not include significant customisation or modification of the base product and the payment terms for licences are not subject to acceptance criteria In all other cases, revenues from both licence and service elements are recognised as services are performed

e) Research and development

Research and development expenditure is written off in the year of expenditure

f) Taxation

Current tax including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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

A deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are re-valued unless by the balance sheet date there is a binding agreement to sell the re-valued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary or associate

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 a non-discounted basis

1 Accounting policies (continued)

g) Share-based payments

Employees of the company are granted share options in the ultimate parent undertaking AVEVA Group plc The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by means of an appropriate pricing model

No expense is recognised for awards that do not ultimately vest

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account with a corresponding entry in equity

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification No reduction is recognised if this difference is negative

h) Intangible assets

Developed technology and purchased software rights are included at cost and amortised in equal annual instalments over a period of three to ten years, over the estimated useful economic lives of the asset

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

i) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Computer equipment	-	33%	per annum
Office equipment	-	15%	per annum
Fixtures and fittings	-	12%	per annum
Motor vehicles	-	25%	per annum

Leasehold buildings are amortised on a straight-line basis over the period of the lease or useful economic life if shorter Residual value is calculated on prices prevailing at the date of acquisition

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

j) Investments

Fixed asset investments are shown at cost less any provision for impairment The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

1 Accounting policies (continued)

k) Pensions

The company operates a UK defined benefit pension scheme Previously available to all UK employees, it was closed to new applicants in 2002 UK employees are now offered membership of a defined contribution scheme

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest costs is recognised in the profit and loss account as other finance income or expense

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly Fair value is based on market price information and in the case of quoted securities is the published mid-market price The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable

l) Foreign Currency

Transactions denominated in foreign currencies are recorded at actual exchange rates as of the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

The results of the overseas branch undertaking are translated at the average exchange rate during the year and its balance sheet at the balance sheet date Exchange differences arising on translation of the opening net assets and results of the overseas branch undertaking are dealt with through reserves

m) Leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term

n) Derivative financial instruments

The company uses forward foreign exchange contracts to reduce exposure to foreign exchange risk The company does not hold or issue derivative financial instruments for speculative purposes The company has not applied hedge accounting during the current or preceding year

2 Revenue

An analysis of revenue by destination of customer is set out below

	2013 £000	2012 £000
United Kingdom	18,468	16,477
Rest of Europe, Middle East and Africa	63,607	50,928
North America	29,792	18,363
Asia Pacific and other	37,562	40,385
	149,429	126,153

All revenue arises from a single class of business

3 Other operating expenses

	2013 £000	2012 £000
Selling and distribution costs	37,224	28,350
Administrative expenses	15,097	14,237
Research and development costs	31,022	33,136
	83,343	75,723

4 Interest receivable

	2013 £000	2012 £000
Bank interest and similar receivable	1,307	1,200
	1,307	1,200

5 Interest payable and similar charges

	2013 £000	2012 £000
Interest payable to group undertakings	84	307
	84	307

6 Other finance charges (net)

	2013 £000	2012 £000
Interest on pension scheme liabilities	(2,693)	(2,715)
Expected return on pension scheme assets	2,475	2,491
	(218)	(224)

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2013 £000	2012 £000
Depreciation on tangible fixed assets	803	614
Amortisation of intangible fixed assets		
- Purchased software rights	263	1,743
- Developed technology	2,141	756
Auditors' remuneration		
- audit of company financial statements	50	50
- non–audit fees – taxation services	12	-
- Corporate finance services – transaction support	86	144
Operating lease rentals		
- land and buildings	222	247
- motor vehicles	-	32
Research and development costs – current year expenditure	31,022	33,136
Foreign exchange loss	(384)	455

8 Staff costs

The staff costs of employees (including executive directors) are shown below

	2013 £000	2012 £000
Wages and salaries	22,889	21,753
Social security costs	2,528	1,853
Share-based payments	921	928
Other pension costs	3,196	2,764
	29,534	27,298

The average monthly number of persons (including executive directors) employed by the company was as follows

	2013 Number	2012 Number
Research, development and product support	187	194
Sales, marketing and customer support	86	78
Administration	99	89
	372	361

8 Staff costs (continued)

Directors' remuneration

	2013 £000	2012 £000
Aggregate remuneration in respect of qualifying services	1,736	1,639

	2013 Number	2012 Number
Number of directors in respect of whom retirement benefits are accruing under defined benefit pension schemes	2	2
Number of Directors accruing benefits under money purchase pension schemes	1	1
Number of Directors who received shares in respect of qualifying services	4	4
Number of Directors who exercised share options	4	4

In respect of the highest paid director

	2013 £000	2012 £000
Aggregate remuneration	642	576

During the year the highest paid director received shares under the Company's long term incentive plan and also exercised share options The highest paid director was entitled to the following additional benefit at the year end

	2013 £000	2012 £000
Accrued pension	160	157

9 Tax

a) Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises

	2013 £000	2012 £000
UK corporation tax	7,702	6,915
Adjustment in respect of prior year – UK	(65)	(161)
	7,637	6,754
Overseas tax	4,391	3,668
Total current tax	12,028	10,422
Deferred tax	81	161
	12,109	10,583

b) Tax included in the statement of total recognised gains and losses

The tax charge comprises

	2013 £000	2012 £000
Actuarial loss on the pension scheme	1,304	1,639

c) Factors affecting the current tax charge

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2013 £000	2012 £000
Profit on ordinary activities before taxation	54,544	49,427
Tax on profit on ordinary activities at standard UK corporation tax rate of 24% (2012 – 26%)	13,091	12,851
Effects of		
Expenses not deductible for tax purposes	740	623
Share based payments	(237)	(80)
Deduction for Research and Development tax credits	(720)	(585)
Capital allowances (in excess of)/less than depreciation	(169)	51
Deferred tax movement in respect of pension deficit	(63)	(111)
Other timing differences	37	(45)
Impairment of inter-company receivables	-	1,300
Dividend income not subject to tax	(471)	(3,340)
Group relief not paid for	(115)	(81)
Prior year adjustments	(65)	(161)
Current tax charge for year	12,028	10,422

9 Tax (continued)

d) Deferred tax

The deferred tax asset included in the balance sheet is as follows

	2013 £000	2012 £000
Included in current assets (note 14)	490	433
Included in defined benefit pension liability (note 19)	3,040	1,874
	3,530	2,307

	2013 £000	2012 £000
Accelerated capital allowances	(370)	(190)
Short term timing differences	860	623
Pension costs	3,040	1,874
	3,530	2,307

	2013 £000	2012 £000
At 1 April	2,307	829
Deferred tax charge in profit and loss account (note 9a)	(81)	(161)
Amount credited to statement of total recognised gains and losses (note 9b)	1,304	1,639
At 31 March	3,530	2,307

e) Factors that may affect future tax charges

At the balance sheet date the UK government had substantively enacted a 1% reduction in the main rate of UK corporation tax from 24% to 23% effective from 1 April 2013 The government has also proposed reducing the UK corporation tax rate by a 2% reduction to 21% by 1 April 2014 and a further 1% to 20% by 1 April 2015 However, these further rate changes had not been substantively enacted at the balance sheet date and their effects are not, therefore, included in these financial statements We do not expect that the enactment of these changes will have a material impact on the deferred tax balance of the Company

10 Dividends paid on equity shares

	2013 £000	2012 £000
Final dividend paid for the year ended 31 March 2013 of £17 78 per share (2012 - £nil per share)	30,000	nil

In May 2013, the Company declared and paid a special dividend amounting to £30,000,000

11 Intangible fixed assets

	Developed technology £000	Purchased software rights £000	Total £000
Cost			
At 1 April 2012	3,777	14,635	18,412
Additions	8,297	1,295	9,592
Reclassification	7,778	(7,778)	-
At 31 March 2013	19,852	8,152	28,004
Amortisation			
At 1 April 2012	1,769	8,397	10,166
Charge for the year	2,141	263	2,404
Reclassification	3,198	(3,198)	-
At 31 March 2013	7,108	5,462	12,570
Net book value			
At 31 March 2012	2,008	6,238	8,246
At 31 March 2013	12,744	2,690	15,434

Purchased software rights
Purchased software rights arose on the acquisition of third party software components that are included in the suite of AVEVA products and the acquisition of a source code licence for certain software from Spescom Software Inc, Microfocus and Netbula LLC

Developed technology
The Developed Technology intangible assets include the Bocad technology and Global Majic technology both acquired in 2012/13, the LFM software acquired in 2011/12, the MARS technology which was acquired as part of the acquisition of Logimatic Software A/S in 2010/11 and the ADB technology that was also acquired in 2010/11

12 Tangible fixed assets

	Leasehold buildings £000	Computer equipment £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2012	2,105	8,914	3,451	71	14,541
Additions	-	583	32	-	615
At 31 March 2013	2,105	9,497	3,483	71	15,156
Depreciation					
At 1 April 2012	451	8,175	2,540	44	11,210
Charge for the year	52	524	220	7	803
At 31 March 2013	503	8,699	2,760	51	12,013
Net book value					
At 1 April 2012	1,654	739	911	27	3,331
At 31 March 2013	1,602	798	723	20	3,143

13 Fixed asset investments

Cost and net book value	Investment in shares of parent undertaking £000	Investment in subsidiary undertakings £000	Total £000
At 1 April 2012	1,106	51,265	52,371
Additions	615	7,217	7,832
Disposals	(470)	-	(470)
At 31 March 2013	1,251	58,482	59,733

During the year, the company acquired a 100% interest in the share capital of Bocad Service International SA, a company incorporated in Belgium

13 Fixed asset investments (continued)

a) Investment in subsidiary undertakings

At 31 March 2013 the company had the following principal subsidiary undertakings

Name of undertaking	Country of incorporation	Principal activity	Description and proportion of shares and voting rights held
AVEVA Inc	USA	Software marketing	100% common stock of USD 1 each
AVEVA GmbH	Germany	Software marketing	100% ordinary shares of EUR 25,565 each
AVEVA East Asia Limited	Hong Kong	Software marketing	100% ordinary shares of HKD 1 each
AVEVA SA	France	Software marketing	100% ordinary shares of EUR 30 each
AVEVA AS	Norway	Training & consultancy	100% ordinary shares of NOK 500 each
AVEVA KK	Japan	Software marketing	100% ordinary shares of YEN 50,000 each
AVEVA Sendirian Berhad**	Malaysia	Software marketing	49% ordinary shares of MYR 1 each
AVEVA Asia Pacific Sendirian Berhad	Malaysia	Software marketing	100% ordinary shares of MYR 1 each
AVEVA Korea Limited	Korea	Software marketing	100% ordinary shares of KRW 500,000 each
AVEVA Information Technology India Private Limited	India	Software marketing	100% ordinary shares of INR 10 each
AVEVA Pty Limited	Australia	Software marketing	100% ordinary shares of AUD 1 each
AVEVA AB	Sweden	Software development and marketing	100% ordinary shares of SEK 10 each
AVEVA Pte Limited*	Singapore	Software marketing	100% ordinary shares of SGD 10 each
AVEVA Limited Liability Company	Russia	Software marketing	100% of ordinary shares
AVEVA do Brasil Informatica Ltda	Brazil	Software marketing	100% of ordinary shares of BRL1 each
AVEVA Denmark A/S	Denmark	Software development and marketing	100% of ordinary shares of DKK 1 each
AVEVA (Shanghai) Consultancy Co Limited*	China	Services and training	100% of issued share capital
AVEVA Solutions (Shanghai) Co Ltd	China	Software marketing	100% of ordinary shares
AVEVA Belgium	Belgium	Software development and Marketing	100% of ordinary shares of EUR 1 each
AVEVA Software GmbH***	Germany	Software development and Marketing	100% of ordinary shares of EUR 1 each
AVEVA India Limited	India	Software development	100% of ordinary shares of INR 10 each

* Held by AVEVA AB

** AVEVA Sendirian Berhad is treated as a subsidiary on the basis that the company exercises dominant influence over its financial and operating policies under the terms of the shareholders' agreement

*** Held by AVEVA GmbH

13 Fixed asset investments (continued)

Investment in parent undertaking

The investment in parent undertaking represents the cost of funding provided by the company to the AVEVA Group Employee Benefit Trust 2008 to purchase ordinary shares in AVEVA Group plc, the ultimate parent company The Trust was established to satisfy deferred shares awarded to the company's employees under the AVEVA Group deferred annual bonus share plan

In July 2012 the trust acquired 36,345 ordinary shares in the company at a price of £16 83 for a total consideration of £615,000

During the year 48,688 options were exercised, which resulted in the cost of the investment in AVEVA Group plc decreasing by £470,000

The total number of shares held by the Employee Benefit Trust at 31 March 2013 was 81,420 ordinary shares (2012 93,763 ordinary shares)

14 Debtors

	2013 £000	2012 £000
Amounts falling due within one year		
Trade debtors	15,205	10,854
Amounts owed by group undertakings	24,414	29,080
Prepayments and accrued income	2,833	2,223
Deferred tax asset	490	433
	42,942	42,590

15 Creditors Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	2,012	2,912
Amounts owed to group undertakings	112,793	101,704
Social security, PAYE and VAT	1,496	1,532
Deferred income	5,951	6,386
Accruals	6,905	6,953
UK Corporation tax payable	4,869	4,540
	134,026	124,027

16 Called-up share capital

	2013 £000	2012 £000
Authorised		
1,700,000 ordinary shares of £1 each	1,700	1,700
Allotted, called-up and fully-paid		
1,687,641 ordinary shares of £1 each	1,688	1,688

17 Reserves

	Merger reserve account £000	Share premium account £000	Profit and loss account £000
At 1 April 2012	19,903	99	94,739
Retained profit for the year	-	-	42,435
Dividends	-	-	(30,000)
Share-based payment reserve adjustment	-	-	451
Actuarial loss (net of tax)	-	-	(4,364)
At 31 March 2013	19,903	99	103,261

The merger reserve represents the difference between the fair value and the nominal value of shares issued in connection with the acquisition of AVEVA AB in 2004

The share premium account is not distributable

18 Reconciliation of movements in shareholder's funds

	2013 £000	2012 £000
Profit for the financial year	42,435	38,844
Share-based payment reserve adjustment	451	247
Other recognised gains & losses relating to the year	(4,364)	(5,189)
Dividends (note 10)	(30,000)	-
	8,522	33,902
Opening shareholders' funds	116,429	82,527
Closing shareholders' funds	124,951	116,429

19 Pension arrangements

UK defined benefit scheme
The company operates a UK defined benefit pension plan providing benefits based on final pensionable pay which is funded This scheme was closed to new employees on 30 September 2002 (with the option of re-opening if required) and was converted to a Career Average Revalued Earnings basis on 30 September 2004 Pensions are payable to dependants on death in retirement and a lump sum is payable if death occurs in service There is an insurance policy in place which covers this liability Administration on behalf of the members is governed by a Trust Deed, and the funds are held and managed by professional investment managers who are independent of the company

Contributions to the scheme are made in accordance with advice from an independent professionally qualified actuary, Broadstone Pensions & Investments Ltd, at rates which are calculated to be sufficient to meet the future liabilities of the scheme using the projected unit credit method The employees' contributions are fixed as a percentage of salary, the balance being made up by the employer Scheme assets are stated at their market values at the respective balance sheet dates

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class

The principal assumptions used in determining the pension valuation were as follows

	2013 %	2012 %
Main assumptions		
Rate of salary increases	5 50	5 20
Rate of increase in pensions in payment	3 30	2 90
Rate of increase in pensions in deferment	2 50	2 20
Discount rate	4 20	4 60
Inflation assumption	3 50	3 20
Expected rate of return on scheme assets		
Equities	6 30	6 40
Bonds	2 30	2 90
Other	0 50	0 50

For the years ended 31 March 2013 and 2012, the following weighted average life expectancy at age 65 for mortality has been used

	2013 Years	2012 Years
Male pensioners	24 5	24 4
Female pensioners	25 5	25 4
Non-retired males	26 7	26 6
Non-retired females	27 8	27 7

Member contributions were 7 5% (2012 – 7 5%) of pensionable salary and company contributions were £2,060,000 (2012 - £2,040,000) The total contributions in 2013/2014 are expected to be approximately £2,100,000

19 Pension arrangements (continued)

The assumed discount rate, inflation rate and mortality all have a significant effect on the FRS 17 accounting valuation The following table shows the sensitivity of the valuation to changes in these assumptions

	Impact on deficit increase/(decrease)	
	2013	2012
	£000	£000
0 25 percentage point increase to		
- discount rate	(3,543)	(2,829)
- inflation (including pension increases linked to inflation)	2,204	1,639
Additional one year increase to life expectancy	1,441	1,103

The assets and liabilities of the scheme at 31 March 2013 and 2012 were

	2013 £000	2012 £000
Equities	22,232	31,939
Bonds	26,414	12,869
Other	10,561	5,637
Total fair value of assets	59,207	50,445
Present value of the defined benefit obligations	(72,421)	(58,253)
Deficit in the scheme	(13,214)	(7,808)
Deferred tax asset	3,040	1,874
Net pension liability	(10,174)	(5,934)

19 Pension arrangements (continued)

An analysis of the defined benefit cost for the year ended 31 March 2013 and 2012 is as follows

	2013 £000	2012 £000
Current service cost	1,580	1,388
Total operating charge	1,580	1,388
Expected return on pension scheme assets	(2,475)	(2,491)
Interest on pension scheme liabilities	2,693	2,715
Total other finance charges net	218	224
Actual return less expected return on pension scheme assets	5,235	(697)
Changes in assumptions and experience adjustment on liabilities	(10,903)	(6,131)
Actuarial loss recognised in the statement of total recognised gains and losses	(5,668)	(6,828)

Analysis of movements in deficit during the year

	2013 £000	2012 £000
At 1 April 2012	(7,808)	(1,408)
Total operating charge	(1,580)	(1,388)
Total other finance income	(218)	(224)
Actuarial loss	(5,668)	(6,828)
Contributions by employer	2,060	2,040
At 31 March 2013	(13,214)	(7,808)

19 Pension arrangements (continued)

History of experience gains and losses

	2013	2012	2011	2010	2009
Difference between expected return and actual return on pension scheme assets					
– amount (£000)	5,235	(697)	1,729	8,506	(8,043)
– % of scheme assets	9%	1%	4%	21%	28%
Experience gains arising on scheme liabilities					
– amount (£000)	(1,702)	(107)	3,353	1,452	492
– % of the present value of scheme liabilities	2%	-	7%	3%	1%
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses					
– amount (£000)	(5,668)	(6,828)	8,245	(4,794)	(7,517)
– % of the present value of scheme liabilities	8%	12%	17%	9%	21%

UK defined contribution scheme

The company also operates a defined contribution scheme for UK employees and certain overseas employees for which the pension charge for the year amounted to £1,616,000 (2012 - £1,376,000) There were no outstanding or prepaid contributions at the year end

20 Operating leases

At 31 March 2013 the company had the following future minimum annual rentals payable under non-cancellable operating leases as follows

	2013	2012
	Land and buildings £000	Land and buildings £000
Expiring within one year	72	131
	72	131

The company has entered into commercial leases on certain properties, motor vehicles and items of equipment These leases have durations of between one and five years Certain property leases contain an option for renewal

21 Commitments

Capital Commitments

At the end of the year the company had no capital commitments contracted but not provided for (2012 - £nil)

Foreign exchange

The company reduces foreign exchange risks, where possible, by using currency exchange contracts for the sale of US dollar, Euro and Yen as appropriate The company enters into specific forward foreign exchange contracts for individually significant revenue contracts when the timing of forecast cash flows is reasonably certain In addition, the company enters into forward foreign exchange contracts to sell US dollars and Euro to match forecast cash flows arising from its recurring revenue base and royalty income from subsidiaries These are renewed on a revolving basis as required At 31 March 2013, the company had outstanding currency exchange contracts to sell $21 0 million (2012 - $13 0 million), €14 25 million (2012 - €6 65 million) and JPY304 0 million (2012 – JPYnil) It has also had outstanding currency exchange contracts to buy SEK 24 0 million (2012 – SEK nil) The fair value of foreign currency exchange contracts at 31 March 2013 was a liability of £574,000 (2012 – asset of £223,000)

22 Share-based payment plans

Certain of the company's employees participate in equity-settled share option schemes and a deferred share scheme of the ultimate parent company, AVEVA Group plc These schemes are the AVEVA Group plc Long-Term Incentive Plan ("LTIP") and the AVEVA Group plc Employee and Executive Share Option Plan ("Executive Scheme" and "Employee Scheme" respectively) and the AVEVA Group Management Deferred Share Scheme 2008 The Executive and Employee schemes lapsed in 2006 and no grants have been made under the 2007 scheme which was approved at the on 12 July 2007 Details of these plans are set out below

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options for all plans during the year

	2013 number	2013 WAEP (p)	2012 Number	2012 WAEP (p)
Outstanding at start of year	344,104	2 71	408,727	2 33
Transfer	-	-	(134,851)	2 33
Granted during year	154,237	2 68	129,149	2 72
Forfeited during year	(13,275)	3 33	(895)	-
Exercised during year*	(95,167)	2 17	(58,026)	0 97
Expired during year	-	-		
Outstanding at end of year	389,899	2 81	344,104	2 71
Exercisable at end of year	47,714	2 80	15,151	1 19

*The weighted average share price at the date of exercise for the options exercised is £17 83 (2012 - £16 77)

22 Share-based payment plans (continued)
Share options have been granted under both plans to certain employees of the company and remain outstanding as follows

Date of Grant	Share Option Plan	Number of options 2013	Number of options 2012	Exercise price (p)
02 July 2007	LTIP	5,413	5,413	3 33
27 May 2009	Deferred Share Scheme	-	24,207	0 00
7 July 2009	LTIP	34,769	96,922	3 33
15 June 2010	Deferred Share Scheme	11,782	16,233	0 00
26 July 2010	LTIP	66,635	72,180	3 33
4 July 2011	Deferred Share Scheme	19,128	23,484	0 00
6 July 2011	LTIP	102,475	105,665	3 33
6 July 2012	Deferred Share Scheme	30,147	-	0 00
9 July 2012	LTIP	119,550	-	3 33
		389,899	344,104	

The weighted average remaining contractual life for the options outstanding at 31 March 2013 is 4 56 years (2012 – 5 22 years)

The average fair value of options granted during the year was £16 67 (2012 - £17 13)

The range of exercise prices for options outstanding at the end of the year was £nil to £0 03 (2012 - £nil to £0 03)

The company recognised total expenses of £921,000 and £928,000 related to equity settled share-based payments transactions in the years ended 31 March 2013 and 2012 respectively

Details of the share option plans are as follows

a) Long-Term Incentive Plan (LTIP)

The following awards have been made under the LTIP The exercise price is equal to the nominal value of the underlying shares, which is 3 33p Options under the LTIP are normally exercisable in full or in part between the third and tenth anniversaries of the date of grant

2012/13 awards
In 2012/13 a total of 124,090 share options were awarded to the Executive Directors and senior management under the LTIP The performance conditions attached to this award are based on EPS growth over the three years from 2012/13 to 2014/15 If average diluted EPS growth is more than 15% then all shares shall vest If average EPS growth over the same period is less than 8% then none of the shares will vest For growth rates between 8% and 15% the number of shares that vest will be determined by linear interpolation between 25% and 100%

2011/12 awards
In 2011/12 a total of 105,665 share options were awarded to the Executive Directors and senior management under the LTIP The performance conditions are based on average earnings per share ('EPS') growth over the three years from 2011/12 to 2013/14 If average diluted EPS growth is more than 12% above RPI for the same period then all of the shares under the option will vest If average diluted EPS is less than 5% above RPI then none of the shares will vest If average EPS growth is between 5% and 12% above RPI per annum then the number of shares that shall vest shall be determined by linear interpolation

22 Share-based payment plans (continued)

2010/11 awards
In 2010/11 a total of 112,576 share options were awarded to the Executive Directors and senior management under the LTIP The performance conditions are based on average earnings per share ('EPS') growth over the three years from 2010/11 to 2012/13 If average diluted EPS growth is more than 12% above RPI for the same period then all of the shares under the options will vest If average diluted EPS is less than 4% above RPI then none of the shares will vest If average EPS growth is between 4% and 12% above RPI then the number of shares that vest shall be determined by linear interpolation

2009/10 awards
On 7 July 2009, a total of 137,839 share options were awarded to the Executive Directors and senior management under the LTIP The performance conditions are based on average diluted earnings per share over the three years from 2009/10 to 2011/12 All shares under this option shall vest if average diluted earnings per share for the three years ending 31 March 2012 is equal to or above 52 14 pence Should average diluted earnings per share for the period be below 52 14 pence, then no shares will vest and the option will lapse

The fair value of each of these option awards is measured at grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted

The following table lists the inputs to the model used for each of the LTIP awards

	2012/13 awards	2011/12 awards	2010/11 awards	2009/10 awards
Dividend yield	1 21%	1 03%	0 70%	1 30%
Expected volatility	28 0%	48 0%	51 0%	52 0%
Risk-free interest rate	1 51%	1 51%	1 51%	2 28%
Expected life of the option	3 years	3 years	3 years	3 years
Weighted average share price (£)	17 29	17 73	£13 55	£7 20
Weighted average exercise price (£)	0 03	0 03	£0 03	£0 03

b) Deferred annual bonus share plan
In 2008 the Company established the AVEVA Group Management Bonus Deferred Share Scheme 2008 (the Deferred Share Scheme) Directors and senior management participate in this scheme Subject to the achievement of performance conditions relating to a single financial year, these incentive arrangements are intended to reward the recipient partly in cash, and partly in ordinary shares in the Company to be delivered on a deferred basis

In July 2012, the AVEVA Group Employee Benefit Trust 2008 awarded 30,147 (2012 – 23,484) deferred shares to the Executive Directors and senior management in respect of the bonus earned in the year ended 31 March 2012 (2011 - bonus earned in year ended 31 March 2011)

The awards of deferred shares take the form of nil-cost options exercisable by participants in three equal tranches, one in each of the three years following the year in which the award is made The option may be exercised in the 42-day period beginning on the announcement of the financial results of the Group in each of the three calendar years after that in which the option was granted The last date of the exercise is the end of the 42-day period following the announcement of the financial results of the Group in the third calendar year following that in which the option was granted or (if applicable) such later date as the Remuneration Committee may specify These awards are made solely in respect of performance in the financial year immediately prior to their grant Delivery of the deferred shares is not subject to further performance conditions but each participant is required to remain an employee or Director of the Group during the three-year vesting period in order to receive his deferred shares in full (except in the case of death or the occurrence of a takeover, reconstruction or amalgamation, or voluntary winding up of the Company)

22 Share-based payment plans (continued)

The fair value of these option awards is measured at grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted The following table lists the inputs to the model used for each of the Deferred Bonus Share plan awards

	2012/13 awards	2011/12 awards	2010/11 awards
Dividend yield	1 21%	1 10%	0 81%
Expected volatility	28 0%	48 0%	51%
Risk-free interest rate	1 51%	1 51%	1 51%
Expected life of the option	3 years	3 years	3 years
Weighted average share price	£17 29	£17 56	£11 69
Weighted average exercise price	£0 00	£0 00	£0 00

c) AVEVA Group plc Executive Share Option Scheme 2007

The above scheme was approved by shareholders at the Annual General Meeting in 2007 No awards have yet been made under this scheme and performance conditions will be set when awards are made under this scheme

23 Related parties

The company is a subsidiary undertaking of AVEVA Group plc which is incorporated in Great Britain and which is also the ultimate parent company and controlling party The largest and smallest group in which the company's results are consolidated is that headed by AVEVA Group plc The consolidated financial statements of AVEVA Group plc are available to the public and may be obtained from The Secretary, AVEVA Group plc, High Cross, Madingley Road, Cambridge, CB3 0HB

During the year the Company suffered a charge of £1,500,000 in respect of the impairment of an amount due from, AVEVA East Asia Limited, a subsidiary company

As a subsidiary undertaking of AVEVA Group plc, the company has taken advantage of the exemption of FRS 8 "Related Party Disclosures", not to disclose transactions with other members of the group

24 Post balance sheet event

In May 2013, the Company declared and paid a special dividend amounting to £30,000,000

AVEVA Solutions Limited - Subsidiaries

Country of Registration	Company Name	Parent Company	Address (including Post Code)	Company No	Directors
UK	**Cadcentre Property Limited**	AVEVA Solutions Ltd	High Cross, Madingley Road, Cambridge CB3 0HB	2060079	James Kidd Richard Longdon
UK	**LFM Software Limited**	AVEVA Solutions Ltd	High Cross, Madingley Road, Cambridge CB3 0HB	04256152	Richard Longdon James Kidd
			5 Avocado Court, Commerce Way, Trafford Park, Manchester, M17 1HW		
Colombia	**AVEVA Colombia S A S**	AVEVA Solutions Ltd	World Trade Center Calle 100 No 8ª - 49 Torre B, PH, Oficina 22 Bogota Colombia	Tax ID (called a N I T in Colombia) = 9004208589	Patrik Edahl, General Manager Santiago Pena, Assistant General Manager
Malaysia	**AVEVA Asia Pacific Sendirian Berhad**	AVEVA Solutions Ltd	Level 39, Menara 3 PETRONAS Persiaran KLCC, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia	518152-V	Chong Lai Lai Noraliza binti Othman
Malaysia	**AVEVA Sendirian Berhad**	AVEVA Solutions Ltd (49%)	Level 39, Menara 3 Petronas Persiaran, KLCC, Kuala Lumpur City Centre 50088 Kuala Lumpur	509033-D	James Kidd Rozita binti Mohd Nor Nor Haslinawati binti Nazam
Sweden	**AVEVA AB**	AVEVA Solutions Ltd	P O Box 50555, Drottninggatan 18, SE-202 15 Malmo, Sweden	556002-3763	Richard Longdon Dave Wheeldon James Kidd
			Unit 1503-1506, You You International Plaza, No 76 Pu Jian Road, Shanghai, 200127, China		
			Äyritie 8ª (Alto Building), FI-01510, Vantaa, Finland		
China	**AVEVA Solutions (Shanghai) Co Limited**	AVEVA Solutions Ltd	1708 You You International Plaza, No 76 Pu Jian Road, Shanghai Ghangzhou Branch Unit 01A, 26/F, Block A, GT Land Plaza Phase 1, No 85, Hua Cheng Avenue, Tianhe District, GZ510623		Paul Charles Eveleigh Richard Longdon James Kidd (Helen Barrett-Hague as supervisor)
Norway	**AVEVA AS**	AVEVA Solutions Ltd	Wideroeveien 1, Entrance E, N –1360, Fornebu, Norway Vingveien 2, 4050 Sola, Norway	978-611-494	Trond Straume James Kidd
Hong Kong	**AVEVA East Asia Limited**	AVEVA Solutions Ltd	2nd Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong (this is a vritual office, Regus Business Centre) Beijing Representative Office #1603-1605, Tower A, Global	549046	Richard Longdon James Kidd Paul Eveleigh

			Trading Center, 36 North Third Ring Road East, Beijing, China 100013 Guangzhou Representative Office Unit 01B, 26/F, Block A, GT Land Plaza Phase 1, No 85, Hua Cheng Avenue, Tianhe District, GZ510623		
Germany	**AVEVA Gmbh**	AVEVA Solutions Ltd	Otto-Volger Street 7c, 65843 Sulzbach (Taunus), Germany Universitaetsalle 5, 28359, Bremen, Germany Ruetersbarg 48, 22529 Hamburg, Germany AVEVA GmbH Austrian Representative Office, Technologiepark 17, A-4320 Perg, Austria AVEVA GmbH Hungarian Representative Office, Vaci ut 184, 1138 Budapest, Hungary Ul Minska 54-56, 54-610 Wroclaw, Poland	HRB34927	Richard Longdon
USA	**AVEVA Inc**	AVEVA Solutions Ltd	10350 Richmond Avenue, Suit 400, Houston TX 77042 United States 800 Delaware Avenue, Suite 300, Wilmington, Delaware 19801, United States Sun Life Plaza 2600, 144-4th Avenue, SW Calgary, Alberta T2P 3N4, Canada 190 Lime Quarry Road, Suite 211, Madison, AL 35758-8976, United States 13850 Ballantyne Corporate Place, Suite 500, Charlotte, NC 28277, United States	FEIN (Federal Employers Identification Number) = 06-1136974	Richard Longdon Patrik Edahl James Kidd Bill Muldoon
South Korea	**AVEVA Korea Limited**	AVEVA Solutions Ltd	14th Floor, Haesung 2 Bldg, 942-10 Daechi-dong, Kangnam-gu, Seaul, 135-725, Korea 2F & 4F Centrum Venture Twins Bldg, 1475 U2 dong Haeundae-gu, Busan 612-022, Korea	204520	Richard Longdon James Kidd Park EunJoo
Japan	(MTSC) **AVEVA KK**	AVEVA Solutions Ltd	YBP West Tower 11/F, 134 Godo-Cho, Hodogaya-ku, Yokohama 240-0005, Japan		Motoo Iso Richard Longdon

India	**AVEVA Information Technology India Private Limited**	AVEVA Solutions Ltd	403-404 Alpha, Hiranandani Gardens, Powai, Mumbai, 400076, India	167661 U72900MH2001PTC167661 PAN No AADCA0847M	James Kidd Richard Longdon James Kidd Yash Vardhan Trehan (being changed to Bhagwandas Sahajwani)
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Australia	**AVEVA Pty Limited**	AVEVA Solutions Ltd	Pacific Tower, 737 Burwood Road, Hawthorn, VIC 3122, Australia Level 18, 333 Ann Street, Brisbane, Queensland 4000 Suite 5, Level 29, Forrest Centre, 221 St Georges Terrace, Perth, Australia	ACN 107951539 ABN 46107951539	James Kidd David John Hill
Russia	**AVEVA 000 Limited Liability Company**	AVEVA Solutions Ltd	Spartakovskaya Street 24, PO BOX 36, 105066 Moscow, Russia Paradnaya Street 7, lit A, 191014, Saint Petersburg, Russia		Richard Longdon Evgeny Fedotov (MD) Hans van der Drift
Mexico	**AVEVA Software and Services SA de CV**	AVEVA Solutions Ltd	World Trade Center, Montecito No 38, Piso 37, Oficina, 35 Col Napoles Del Benito Juarez CP 03810 Mesico D F Mexico	Tax ID = ASS 061123 NL6	Richard Longdon James Kidd Patrik Edahl Cristina Sanchez Vebber
Mexico	**AVEVA de Mexico S de R L de C V**	AVEVA Solutions Ltd	World Trade Center, Montecito No 38, Piso 37, Oficina, 35 Col Napoles Del Benito Juarez CP 03810 Mesico D F Mexico	Tax ID = AME 081209 5C3	Richard Longdon James Kidd Patrik Edahl Cristina Sanchez Vebber
Brazil	**AVEVA do Brasil Informatica Ltda**	AVEVA Solutions Ltd	Torre Rio Sul – Rua Lauro Muller, 116-sala 902, Botafogo – RJ, Cep 22 -290-160, Brazil	CNPJ = 10 265 898/0001-83	Douglas Serrano Santiago Pena
Denmark	**AVEVA Denmark A/S**	AVEVA Solutions Ltd	Sofiendalsvej 5A, 9200 Aalborg SV		Grimur Lund
Chile	**AVEVA Chile SpA**	AVEVA Solutions Ltd	Avenida Vitacura 2670, Piso 15, Las Condes, Santiago de Chile, ZipCode 7550698 – Chile	Tax ID (called an R U T in Chile) = 76200976-5	Patrik Edahl for AVEVA Solutions Limited
Belgium	**AVEVA (Belgium) SA**	AVEVA Solutions Ltd	Grand'Rue 81, B-4560, Ocquier	BE 0452 170 349	Richard Longdon James Kidd (Both Directors) Ulf Kall (Managing Director)

Subsidiaries of AVEVA Solutions Limited Subsidiaries

Country of Registration	Company Name	Parent Company	Address (including Post Code)	Company No	Directors
UK	**AVEVA Finance Limited**	AVEVA Korea Limited	High Cross, Madingley Road, Cambridge, CB3 0HB		
China	**AVEVA (Shanghai) Consultancy Co Limited**	AVEVA AB	Unit 1503-1506, YouYou International Plaza, no 76 Pu Jian Road, Shanghai 200127, China		Paul Charles Eveleigh
Germany	**AVEVA Software GmbH, (previously Service G GmbH)**	AVEVA GmbH	Otto-Volger-Str 7c, 65843 Sulzbach (Taunus), Germany Am Umweltpark 7, 44793, Bochum, Germany	Frankfurt HRB 94558	Richard Longdon Ulf Kall James Kidd Dave Wheeldon
India	**AVEVA Software India Pvt., Ltd (previously Logimatic Software India Pvt , Ltd)**	AVEVA A/S	Q City, Block A, Level 3, Nanakramguda, Gachibowli, Hyderabad-500032 India		Prabhakar Reddy Darakapalli Lars Francke Riisberg James Kidd
Singapore	**AVEVA PTE Limited**	AVEVA AB	16 Collyer Quay, #18-00, Singapore, 049318		James Kidd Tan Kia Mee