Registered number 2326316

Dassault Systèmes Biovia Limited

(formerly Accelrys Limited)

Annual Report and Financial Statements

Year ended 31 December 2014

Registered No: 2326316

Directors
S M Carnecchia
S J Chadwick
J Jenkins

Secretary
Shoosmiths Secretaries Ltd

Auditor
Ernst & Young LLP
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Strategic report

As required by the amendments to the Companies Act 2006, effective 30 September 2013, the directors of Dassault Systèmes Biovia Limited (formerly Accelrys Limited) ("the company") present their annual report containing a strategic report, directors' report and the financial statements for the year ended 31 December 2014.

Principal activities and review of the business

The company designs, develops, markets and supports software based solutions that facilitate the discovery and development of new and improved products and processes in the pharmaceutical, biotechnology, energy, chemical, aerospace and consumer packaged goods industries. Using the company's solutions, its customers create and obtain real time access to scientific data that enables them to make informed decisions which increase the probability of success of their chosen path. The company's software and services are intended to reduce its customers' product development costs, shorten the time to market for their new product introductions and improve their business processes. The company's customers include leading commercial, government and academic organisations. Many of the largest pharmaceutical, biotechnology, chemical, energy, aerospace and consumer packaged goods companies' worldwide use the company's software. The company markets its products and services worldwide, principally through its direct sales force, augmented by the use of third-party distributors.

As a subsidiary undertaking of Biovia, Corp. (formerly Accelrys Inc.), the company continues to benefit from an international sales and marketing organisation and complementary products. In return, the immediate parent undertaking benefits from a European sales and marketing organisation, and continuing excellence in new product enhancement and development.

The company's key financial and other performance indicators during the year were as follows:

	2014	*2013*
	£'000	*£'000*
Turnover	18,358	15,482
Operating profit	370	667
Profit after tax	158	430
Shareholders' deficit	(28,775)	(28,703)
External turnover (excluding turnover from group undertakings)	14,569	12,128
Current assets as % of current liabilities	27%	27%
Average number of employees	117	120

Total turnover increased 18.57% during the year. Total turnover includes external revenue and revenue from the immediate parent company for contract research and development activities. While the revenue from the immediate parent company increased due to more R&D activity, the increase in external revenue reflects the growth in orders invoiced during the previous year. In accordance with the company's revenue recognition policies, revenue is recognized over the contractual license term or percentage of completion for projects. Any increase in orders late in the financial year will therefore primarily impact turnover in the following year.

The decrease in operating profit is primarily due to management and service fee charged by other fellow group undertakings in Europe and USA.

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Strategic report *(continued)*

Principal activities and review of the business *(continued)*

The company's "quick ratio" (current assets as a percentage of current liabilities) stayed constant at 27% (2013: 27%).

Future developments

The company believes that the combination of its scientific operating platform and computer aided design modelling and simulation software and service solutions enables its customers to better utilise their scientific data in order to solve critical business issues throughout their organisations. The company's strategy is to continue to increase the use of its scientific operating platform so that it remains the de facto standard scientific operating platform in the industries it serves. The company continues to develop advanced analysis and reporting component collections which operate with its platform in order to extend its capabilities and value to its customers. The company's scientific operating platform is also the basis of many of its service offerings, including offerings which integrate and enhance its customers' software, thereby further increasing the use and value of its scientific operating platform. The company intends to market and distribute its solutions to a broader group of users, including scientists, engineers and information technology professionals within its existing customer base, as well as to new customers in other industries. The company also partners with other companies who provide scientific software and services in order to ensure that their software and service solutions operate with the company's scientific operating platform, further proliferating its use and value to its customers.

Principal risks and uncertainties

The company's principal financial assets are bank balances, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, is based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and blue chip customers.

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign currency risk management during the year was undertaken at the Dassault Systèmes SE group level to mitigate the risk to the wider group.

In the long term the company is dependent on the following risks and uncertainties:

Marketplace and environment

Historically the company has derived a significant portion of its revenue from the sale of modelling and simulation software to the discovery research departments in pharmaceutical and biotechnology companies. Such revenues have been declining over the past few years due to several factors, including industry consolidation, a general reduction in the level of discovery research activity by the company's customers, increased competition, including competition from open source software, and reductions in profit and related information technology spending by customers. If such declines continue and the company does not increase the revenue it derives from other product and service offerings, the company's business could be adversely impacted. To mitigate this risk the company continues to invest in its product portfolio launching new ground-breaking products to further expand its portfolio across the entire product lifecycle.

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Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Operational

The company's success depends in part on the continued service of key scientific, sales, business development, marketing, engineering, management and accounting personnel and its ability to identify, hire and retain additional personnel. There is intense competition for qualified personnel. Failure to attract and retain skilled personnel could have a material adverse effect on the company. In recognition of this risk the company actively ensures that its personnel are remunerated at a competitive market rate and provides a framework of incentives to retain key personnel.

Intellectual property

The company relies upon trade secrets, technical know-how and continuing technological innovation to develop and maintain its competitive position. The company generally requires employees and consultants to execute confidentiality and assignment-of-inventions agreements. Its employees and consultants may breach these agreements. Also foreign laws may not afford the company sufficient protection for its intellectual property. In addition, to the extent that the company's employees are involved in research areas similar to those in which they were involved at their former employers, the company may inadvertently use or disclose alleged trade secrets or other proprietary information of their former employer. Thus, its products may infringe patent or other intellectual property rights of third parties, and the company may be subject to infringement claims by third parties.

Signed on behalf of the board

Jane Jenkins
Director
30th September 2015

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Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2014.

Change of company name

On 12 November 2014 the company changed its name from Accelrys Limited to Dassault Systèmes Biovia Limited.

Results and dividends

The profit for the year amounted to £158K (2013: £430K). The directors do not recommend the payment of a dividend (2013: £nil).

Post balance sheet event

On 16 June 2015, Dassault Systèmes UK Limited acquired Dassault Systèmes Biovia Limited from Biovia, Corp. At the date of approval of these financial statements the ultimate parent undertaking was Dassault Systèmes SE. As part of the sale to Dassault Systèmes UK Limited, the amounts owed to group undertakings of £19,394K was forgiven, hence reducing the company's balance sheet deficit accordingly.

Research and development

Development of the company's software is focused on expanding product lines, designing enhancements to the core technology and integrating existing and new products into the company's principal software architecture and platform technology. The company intends to offer regular updates to its products and to continue to look for opportunities to expand its existing product suite. The company continues to develop component collections which operate with the scientific operating platform to offer its customers advanced scientific functions such as image, text and chemical analysis. In addition, the scientific operating platform provides the underlying platform on which the company has built many of its modelling, simulation and informatics solutions thus delivering a fully integrated experience for the company's customers.

Directors

The directors who served the company during the year and to the date of this report, except as stated otherwise, were as follows:

S M Carnecchia (appointed 1 October 2014)
S J Chadwick (appointed 1 October 2014)
J Jenkins (appointed 28 April 2015)
E S Palmer (appointed 1 October 2014, resigned 28 April 2015)
M A Piraino (appointed 17 January 2013, resigned 1 October 2014)

Going Concern

The company is dependent on the continued financial support of its parent undertaking at the date of this report being Dassault Systèmes UK Ltd. The immediate parent undertaking has stated that adequate support will be made available for the foreseeable future to enable the company to meet its liabilities as they fall due. The directors have assessed the combination of facts and circumstances with regard to the appropriateness of preparing the financial statements on a going concern basis. No material uncertainty related to the events or conditions that may cast significant doubt about the ability of the company to continue as a going concern have been identified. Accordingly the financial statements are prepared on the going concern basis.

Directors' and officers' indemnity insurance

The immediate parent has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company. These indemnity policies existed throughout the year and remain in place at the date of this report.

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Directors' report *(continued)*

Statement as to disclosure of information to auditor

The directors who were members of the board at the time of approving this report, are listed above. Having made enquiries of the company's auditor, each of these directors confirms that:

- To the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditor is unaware; and
- They have taken all the steps a director might reasonably be expected to have taken, to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Signed on behalf of the board

Jane Jenkins
Director
30th September 2015

Statement of directors' responsibilities in respect of 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Independent auditor's report

to the members of Dassault Systèmes Biovia Limited (formerly Accelrys Limited)

We have audited the financial statements of Dassault Systèmes Biovia Limited (formerly Accelrys Limited) for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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 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 financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Strategic Report and the Directors' 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 Dassault Systèmes Biovia Limited (formerly Accelrys 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.

Ernst & Young LLP

Rachel Wilden (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK.
2 October 2015

Profit and loss account
for the year ended 31 December 2014

	Notes	*2014* *£'000*	*2013* *£'000*
Turnover	2	18,358	15,482
Cost of sales		(9,959)	(7,080)
Gross profit		8,399	8,402
Administrative expenses		(10,240)	(9,829)
Other operating income	3	2,211	2,094
Operating profit	3	370	667
Interest receivable	6	4	9
Interest payable and similar charges	7	(174)	(116)
Profit on ordinary activities before taxation		200	560
Tax on profit on ordinary activities	8	(42)	(130)
Profit for the financial year	20	158	430

All amounts derive from continuing operations.

There are no recognised gains and losses other than those included in the profit and loss account above, therefore no Statement of Total Recognised Gains and Losses is presented.

Balance sheet
at 31 December 2014

	Notes	*2014* *£'000*	*2013* *£'000*
Fixed assets			
Intangible fixed assets - Goodwill	9	121	148
Tangible fixed assets	10	511	676
		632	824
Current assets			
Debtors	11	9,817	8,959
Cash at bank and in hand	12	605	1,301
		10,422	10,260
Creditors: amounts falling due within one year	13	(39,014)	(38,238)
Net current liabilities		(28,592)	(27,978)
Total assets less current liabilities		(27,960)	(27,154)
Creditors: amounts falling due after more than one year	14	(499)	(1,070)
Provision for liabilities	15	(316)	(479)
Net liabilities		(28,775)	(28,703)
Capital and reserves			
Called up share capital	19	-	-
Capital contribution	20	68	68
Profit and loss account	20	(28,843)	(28,771)
Shareholders' deficit	20	(28,775)	(28,703)

The financial statements were approved by the directors and authorised for issue on the 30th September 2015, and were signed by:

Jane Jenkins
Director

Company Registered number: 2326316

Notes to the financial statements
for the year ended 31 December 2014

1. Accounting policies

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

Going concern
The company is dependent on the continued financial support of its immediate parent undertaking at the date of approval of the financial statements, being Dassault Systèmes UK Ltd. The immediate parent undertaking has stated that adequate support will be made available for the foreseeable future to enable the company to meet its liabilities as they fall due. The directors have assessed the combination of facts and circumstances with regard to the appropriateness of preparing the financial statements on a going concern basis. No material uncertainty related to the events or conditions that may cast significant doubt about the ability of the company to continue as a going concern have been identified. Accordingly the financial statements are prepared on the going concern basis.

Cash flow statement
The company has taken advantage of the exemption in FRS 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent undertaking at the balance sheet date publishes a consolidated cash flow statement which is publicly available.

Research and development
Research and development expenditure is written off in the profit and loss account in the year that it is incurred.

Goodwill
Goodwill represents the excess of the consideration payable over the fair value of the net assets acquired at the acquisition date. Goodwill is capitalized and is amortised on a straight-line basis over its useful economic life which is currently considered to be 7 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible Fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful economic life, as follows:

Leasehold improvements	-	period of lease
Equipment	-	over 3 years
Fixtures and fittings	-	over 3 years

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment
Goodwill and intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate based upon the company's weighted average cost of capital that reflects current market assessments of the time value of money and specific risks to the company.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Notes to the financial statements

for the year ended 31 December 2014

1. Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Revenue recognition

License, maintenance and subscription revenue is recognised over the period to which the contract relates. If services are sold with licenses/maintenance, then such service revenue is recognised over the same period as the related license/maintenance revenue. Otherwise service revenue is recognised on a percentage of completion as the services are delivered.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognized over the shorter of the lease term and the date of the next rent review.

Pension costs

The company operates personal pension arrangements for its employees. Contributions are charged to the profit and loss account as they become payable.

Share-based payments

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. The fair value of share options and share awards is calculated on the date of grant using the Black-Scholes option-pricing model. An estimate at the date of grant as to the likelihood that the share award will ultimately vest (the "pre-vesting forfeiture rate") is determined, and revised, if necessary, in future periods if the actual forfeiture rate differs. The pre-vesting forfeiture rate of a share award is determined based on the historical pre-vesting award forfeiture experience, giving consideration to company-specific events impacting historical pre-vesting award forfeiture experience that are unlikely to occur in the future as well as anticipated future events that may impact forfeiture rates. The fair value of Restricted Stock Units (RSUs) is based on the market price of the related shares at the date of grant, less forfeiture rate (see also note 21). All options, including RSU's, were exercised upon acquisition of the company by Dassault Systèmes SE on the 29th April 2014.

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

Notes to the financial statements
for the year ended 31 December 2014

2. Turnover

Turnover represents revenues from goods sold and services provided to third parties and to the immediate parent undertaking in the United States of America, excluding VAT.

	2014	2013
	£'000	*£'000*
External turnover	14,569	12,128
Turnover from group undertakings	3,789	3,354
	18,358	15,482

Turnover and operating profit are attributable to the principal activities of the company.

An analysis of turnover by geographical area has been omitted as permitted by the Companies Act 2006 as the directors consider it to be seriously prejudicial.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014	2013
	£'000	*£'000*
Auditor's remuneration for the audit of the company's financial statements	60	76
Research and development expenditure written off, included within COS	3,301	3,003
- Research & development expenditure credit	(321)	-
Depreciation of owned tangible fixed assets	193	222
Amortisation of goodwill	27	25
Operating lease rentals - land and buildings (net of provisions)	890	886
Less sub lease rental income	(319)	(319)
Exceptional items		
- Provision for employers' NI on share options and RSU's (see note 15)	-	73
- Release of onerous lease provision	-	(4)
Net (gains)/losses on foreign currency transactions	(1)	(264)

Other operating income:

Management fees charged to other group undertakings	(2,201)	(2,067)
Other	(10)	(27)
	(2,211)	(2,094)

4. Staff costs

	2014	*2013*
	£'000	*£'000*
Wages and salaries	7,698	7,743
Equity settled share based payments (see note 21)	579	391
Social security costs	844	991
Pension costs (see note 16)	478	454
Other benefits	237	223
	9,836	9,802

Notes to the financial statements
for the year ended 31 December 2014

The monthly average number of employees (including executive directors) during the year was as follows:

	2014	*2013*
	No.	*No.*
Development, sales and marketing	103	106
Office management	14	14
	117	120

5. Directors' remuneration

	2014	*2013*
	£'000	*£'000*
Aggregate remuneration in respect of qualifying services	-	-
Compensation for loss of office	-	-
	-	-
Value of company contributions to personal pension arrangements	-	-
	No.	*No.*
Members of personal defined contribution pension schemes, to which the company contributes	-	-
Members of personal defined benefit pension schemes	-	-
Number of directors who exercised share options	-	-
Number of directors who received shares for qualifying service	-	-

All of the directors of the company, in both the current and prior year, were employed and remunerated by other group companies. The directors received total remuneration of £920K (2013: £303K) plus pension contributions to defined contribution pension schemes of £17K (2013: £5K). The directors do not believe that it is practicable to apportion this amount between their qualifying services as director of the company and their services as director of the immediate parent company and other fellow group undertakings.

The aggregate emoluments of the highest paid director was £448K (2013: £303K) and company pension contributions of £7K (2013: £4K) were made to a money purchase scheme on his behalf.

6. Interest receivable

	2014	*2013*
	£'000	*£'000*
Bank interest receivable	4	9

7. Interest payable and similar charges

	2014	*2013*
	£'000	*£'000*
Interest on loan from Dassault Systèmes Sarl.	163	105
Unwinding of discount on vacant property provision (see note 15)	11	11
	174	116

Notes to the financial statements
for the year ended 31 December 2014

8. Tax on profit on ordinary activities

(a) Analysis of tax credit in the year

The tax (credit)/charge is comprised as follows:

	2014 £'000	2013 £'000
Current tax:		
UK Corporation tax on profit for the year at 21.49% (2013: 23.25%)	52	-
Adjustment in respect of prior years	40	-
	92	-
Deferred tax (see note 8c):		
Origination and reversal of timing differences	(50)	133
Effect of changes in tax rates	-	(3)
	(50)	130
Tax on profit on ordinary activities	42	130

(b) Factors affecting current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	200	560
Tax on profit at standard UK tax rate of 21.49% (2013: 23.25%)	43	130
Expenses not deductible for tax purposes	36	26
Income not taxable for tax purposes	(37)	-
Share option timing differences	(264)	18
Capital allowances for the year in deficit of depreciation	45	51
Movement in short term timing differences	2	(328)
Tax losses carried forward/(utilized)	227	103
Adjustment in respect of prior years	40	-
Current tax charge for the year (see note 8(a))	92	-

(c) Deferred tax

The deferred tax asset recognised in the financial statements and the amounts not recognised are as follows:

	2014		2013	
	Recognised £'000	Not recognised £'000	Recognised £'000	Not recognised £'000
Capital allowances in advance of depreciation	-	1,268	-	1,226
Tax losses available	154	5,828	104	5,561
R&D expenditure credit	-	92	-	-
Short term timing differences	-	16	-	101
	154	7,204	104	6,888

A deferred tax asset relating to trading tax losses has been recognised in the financial statements to the extent the directors consider it probable that the tax losses will be utilised in the foreseeable future.

(d) Factors that may affect future charges

The main rate of UK Corporation Tax was reduced from 23% to 21% from 1 April 2014. The Finance Act 2013,

Notes to the financial statements
for the year ended 31 December 2014

enacted on 17 July 2013, reduced further the main rate of UK Corporation Tax to 20% from 1 April 2015. Deferred tax assets and liabilities, both recognised and unrecognised, at 31 December 2014 have been calculated at 20%.

The above changes to the main rate of UK Corporation Tax will impact the amount of future cash tax payments to be made by the company.

9. Goodwill

	£'000
Cost:	
At 1 January 2014 and at 31 December 2014	179
Amortisation:	
At 1 January 2014	31
Charge for the year	27
At 31 December 2014	58
Net book value:	
At 31 December 2014	121
At 31 December 2013	148

Goodwill arose on the acquisition of the trade and assets of Symyx Technologies (UK) Limited on 30 September 2012 and is being amortised over the directors' estimate of its useful economic life of 7 years. At 31 December 2014 the directors undertook a formal impairment review in accordance with FRS 11 and consider that the value in use of the business is significantly in excess of the carrying value of the goodwill at that date.

10. Tangible fixed assets

	Leasehold improvements £'000	*Equipment* £'000	*Fixtures and fittings* £'000	*Total* £'000
Cost:				
At 1 January 2014	1,081	867	21	1,969
Additions	-	28	-	28
Disposals	-	(16)	-	(16)
At 31 December 2014	1,081	879	21	1,981
Depreciation:				
At 1 January 2014	650	622	21	1,293
Charge for the year	53	140	-	193
Disposals	-	(16)	-	(16)
At 31 December 2014	703	746	21	1,470
Net book value:				
At 31 December 2014	378	133	-	511
At 31 December 2013	431	245	-	676

11. Debtors

	2014 *£'000*	*2013* *£'000*
Trade debtors	8,645	7,868
Amounts owed by group undertakings	76	351
Other debtors	49	52
Prepayments and accrued income	663	584
R&D Tax claim	230	-
Deferred tax asset (see note 8(c))	154	104

Notes to the financial statements
for the year ended 31 December 2014

	9,817	8,959

12. Cash at bank and in hand
The cash at bank and in hand balance includes an amount of £194K (2013: £168K) relating to the sub tenant's rent deposit.

13. Creditors: amounts falling due within one year

	2014 *£'000*	*2013* *£'000*
Trade creditors	318	315
Loan due to Dassault Systèmes SE	3,036	5,483
Amounts owed to group undertakings	24,775	23,386
Other taxes and social security	518	486
Accruals and deferred income	10,367	8,568
	39,014	38,238

The loan from Dassault Systèmes SE, the ultimate parent undertaking at the balance sheet date, is unsecured, repayable on demand, with interest being calculated quarterly at the US short term treasury rate then in force. Of the amounts owed to group undertakings £19,394K was forgiven by the entities in 2015 as part of the sale to Dassault Systèmes UK Limited.

14. Creditors: amounts falling due after more than one year

	2014 *£'000*	*2013* *£'000*
Accruals and deferred income	499	1,070

15. Provision for liabilities

	E'er NI Share provision £'000	*Dilapidation provision £'000*	*Onerous lease provision £'000*	*Total £'000*
At 1 January 2014	73	104	302	479
Utilisation of the provision	(73)	-	(118)	(191)
Increase of provision	-	-	17	17
Unwinding of discount	-	-	11	11
At 31 December 2014	-	104	212	316

E'er NI Share
The provision is in respect of the employer liability due on share options and RSU's upon vesting. All options, including RSU's, were exercised upon acquisition of the company by Dassault Systèmes SE on the 29th April 2014.

Dilapidation
£104K relates to a lease which expires in 2022 under which the company is liable to restore the building to its original state. The cost is expected to be incurred at the end of the lease and has been discounted to its present value.

Onerous lease
This provision is in respect of an excess of future rental payments to which the company is committed, over expected future rental receipts for the part of the property which the company sublets. The costs are expected to be incurred annually over the period to May 2022 and have been discounted to their present value.

16. Pensions
The company operates Personal Pension arrangements for its employees. The pension charge for the year amounted to £478K (2013: £454K). Contributions amounting to £82K were outstanding at the year-end (2013:

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£73K).

17. Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2014	2013
	£'000	*£'000*
Operating leases which expire:		
In over five years	890	890

The shortfall of rentals receivables over rentals payable on the part of the property which the company sublets was expensed in prior years and included in provision for liabilities (see note 15).

18. Related party transactions

At 31 December 2014 the company was a wholly owned subsidiary of Biovia, Corp. (formerly Accelrys Inc.). In June 2015 the company was sold to Dassault Systèmes UK Limited, whose ultimate parent company is Dassault Systèmes SE for which the consolidated financial statements are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with other wholly owned group companies.

19. Share capital

	Allotted, called up and fully paid	
	2014	2013
	£	*£*
103 Ordinary shares of £1 each	103	103

20. Reconciliation of movements in shareholders' deficit and reserves

	Share capital	*Capital contribution*	*Profit and loss account*	*Total share-holders' deficit*
	£'000	*£'000*	*£'000*	*£'000*
At 1 January 2013	–	68	(29,263)	(29,195)
Profit for the year	–	–	430	430
Credit to equity for share based payments	–	–	391	391
Equity settled share based payments recharged by parent undertaking	–	–	(329)	(329)
At 31 December 2013	–	68	(28,771)	(28,703)
Profit for the year	–	–	158	158
Credit to equity for share based payments	–	–	579	579
Equity settled share based payments recharged by ultimate parent undertaking	–	–	(809)	(809)
At 31 December 2014	–	68	(28,843)	(28,775)

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21. Equity settled share based payments

As a result of the acquisition by Dassault Systèmes SE, all outstanding vested and unvested stock options, together with unvested restricted stock units (RSU's), have been automatically exercised on the 29th April 2014.

The Accelrys 2004 Stock Incentive Plan (the "2004 Plan") authorised the grant of equity awards to officers, directors, employees and consultants of the company. Potential types of equity awards that may have been granted under the 2004 Plan include stock options, RSUs, common stock awards, stock appreciation rights, performance awards and deferred stock units. The terms and conditions of specific awards were set at the discretion of the ultimate parent undertaking's board of directors, although generally awards vested over not more than five years, expired no later than ten years from the date of grant and did not have exercise prices less than the fair market value of the underlying common stock on the date of grant.

The 2005 Employee Stock Purchase Plan (the "ESPP") offered employees the option to defer up to 10% of their base salary to purchase shares of the ultimate parent undertaking's common stock, up to a maximum of 1,000 shares per offering period. The purchase price of the common stock was equal to 85% of the lower of the fair market value of the common stock on the commencement date of the applicable offering period or the applicable purchase date.

The fair value of the share-based awards (stock options and ESPP awards) on the date of grant was calculated using the Black-Scholes option-pricing model. The following table lists the inputs to the model used:

	2014		*2013*	
	Stock options	*ESPP*	*Stock options*	*ESPP*
Expected volatility	-	-	44%	28%
Risk-free interest rate	-	-	1.6%	0.1%
Expected option life in years	-	-	5.0	0.5
Expected dividend yield	-	-	Nil	Nil
Weighted average share price	-	-	$3.66	$1.89

Expected Volatility. Volatility was based on the historical stock price volatility over the most recent period equivalent to the expected life of the award and the historical stock price volatilities of comparable publicly traded companies, giving consideration to company-specific events impacting historical volatility that are unlikely to occur in the future as well as anticipated future events that may impact volatility.

Risk-Free Interest Rate. The risk-free interest rate was based on the interest rates on U.S. constant rate treasury securities with contractual terms approximately equal to the expected life of the award.

Expected Dividend Yield. No cash dividends have been paid since inception of the company and the directors do not anticipate paying dividends in the foreseeable future. Therefore a dividend yield of zero has been assumed.

Expected Option Life. The expected life of an award was determined by considering various relevant factors, including the vesting period and contractual term of the award, employees' historical exercise patterns and length of service, the expected future volatility of the group stock price, tax implications of exercising an award and employee characteristics. The expected terms of comparable publicly traded companies were also considered.

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21. Equity settled share based payments (continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and the movements in, share options, RSUs and ESPP during the year.

Stock Options

	No. of options	*WAEP ($)*
Outstanding as at 1 January 2013	*364,000*	*7.14*
Granted during the year	*122,190*	*9.12*
Exercised during the year	*(75,626)*	*6.71*
Expired/forfeited during the year	*(42,766)*	*7.47*
Outstanding as at 31 December 2013	*367,798*	*7.85*
Exercisable at 31 December 2013	*162,100*	*6.99*
Outstanding as at 1 January 2014	*367,798*	*7.85*
Granted during the year	-	-
Exercised during the year	*(344,320)*	-
Expired/forfeited during the year	*(23,478)*	-
Outstanding at 31 December 2014	-	-
Exercisable at 31 December 2014	-	-

RSUs

	No. of RSUs
Outstanding at 1 January 2013	*77,000*
Granted during the year	*59,375*
Vested during the year	*(27,687)*
Expired/forfeited during the year	*(16,237)*
Outstanding at 31 December 2013	*92,451*
Outstanding as at 1 January 2014	*92,451*
Granted during the year	*30,372*
Vested during the year	*(122,823)*
Expired/forfeited during the year	-
Outstanding at 31 December 2014	-

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21. Equity settled share based payments (continued)
ESPP

	No. of options	*WAEP ($)*
Outstanding as at 1 January 2013	*20,000*	*5.50*
Granted during the year	*42,000*	*6.98*
Exercised during the year	*(17,653)*	*6.98*
Expired/forfeited during the year	*(20,347)*	*6.98*
Outstanding at 31 December 2013	*24,000*	*5.70*
Exercisable at 31 December 2013	*24,000*	*5.70*
Outstanding as at 1 January 2014	*24,000*	*5.70*
Granted during the year	*24,000*	-
Exercised during the year	*(32,673)*	-
Expired/forfeited during the year	*(15,327)*	-
Outstanding at 31 December 2014	-	-
Exercisable at 31 December 2014	-	-

The amount charged to the profit and loss account for equity settled share based payments during the year was £579K (2013: £391K).

22. Ultimate parent undertaking and controlling party
As of 31st December 2014, the company's immediate parent company was Biovia Corp (formerly Accelrys Inc.), a company incorporated in the United States of America.

The smallest and largest group in which the results of the Company for the year ended 31 December 2014 are included, were headed by Dassault Systèmes SE and the consolidated financial statements of this group is available to the public and may be obtained from their website http://www.3ds.com//investors/annual-reports/reports/2014-annual-report-1/

On 29 April 2014, Biovia, Corp. (formerly Accelrys Inc.) was acquired by Dassault Systèmes SE, a company incorporated in France and listed on Euronext. From this date Dassault Systèmes SE became the ultimate parent company and controlling party.

On 16th June 2015, Dassault Systèmes UK Limited, a subsidiary of Dassault Systèmes SE, acquired Dassault Systèmes Biovia Limited from Biovia Corp, and became the company's immediate parent company.

In June 2015, Dassault Systèmes SA became a European company and thus renamed to Dassault Systèmes SE. Dassault Systèmes SE is controlled by Groupe Industriel Marcel Dassault SAS as holder of 41.11% of the shares and 55.74% of the voting rights of Dassault Systèmes SE as of 31 December 2014.