

MSC.SOFTWARE LIMITED

AUDITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2016**

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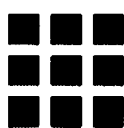
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COMPANIES HOUSE



**Wellden
Turnbull**

Chartered Accountants and
Chartered Tax Advisers
Statutory Auditors

MSC.SOFTWARE LIMITED

COMPANY INFORMATION

DIRECTORS

Mr K Bouchiba (resigned 1 March 2016)
Mr D Campbell
Mr K Rubin (resigned 31 March 2016)
Mr O Wijma (appointed 12 April 2017)

REGISTERED NUMBER

02033042

REGISTERED OFFICE

Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

INDEPENDENT AUDITORS

Wellden Turnbull Ltd
Chartered Accountants & Statutory Auditors
Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

MSC.SOFTWARE LIMITED

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MSC.SOFTWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review continued to be the provision of marketing and technical support for the holding company's engineering analysis software products and associated consultancy and training services.

RESULTS

The profit for the year, after taxation, amounted to £185,998 (2015 - £118,046).

DIRECTORS

The directors who served during the year were:

Mr K Bouchiba
Mr D Campbell
Mr K Rubin

DISCLOSURE OF INFORMATION TO AUDITORS

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

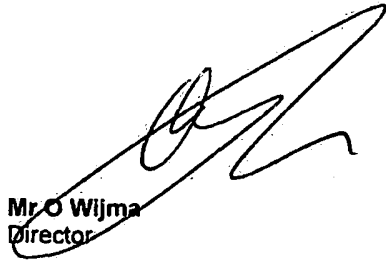
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

MSC.SOFTWARE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

This report was approved by the board on 23-08-2017

and signed on its behalf:



Mr. O. Wijma
Director

MSC.SOFTWARE LIMITED
REGISTERED NUMBER: 02033042

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Tangible assets	5		45,895		81,861
CURRENT ASSETS					
Debtors: amounts falling due within one year	6	1,448,480		523,510	
Cash at bank and in hand		292,037		1,321,135	
		<u>1,740,517</u>		<u>1,844,645</u>	
Creditors: amounts falling due within one year	7	(294,289)		(623,148)	
NET CURRENT ASSETS			1,446,228		1,221,497
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,492,123</u>		<u>1,303,358</u>
PROVISIONS FOR LIABILITIES					
Other provisions	8	(37,183)		(34,417)	
			<u>(37,183)</u>		<u>(34,417)</u>
NET ASSETS			<u>1,454,940</u>		<u>1,268,941</u>
CAPITAL AND RESERVES					
Called up share capital			110,000		110,000
Profit and loss account			1,344,940		1,158,941
			<u>1,454,940</u>		<u>1,268,941</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

23-08-2017

Mr O Wijma
Director

The notes on pages 4 to 9 form part of these financial statements.

MSC.SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

MSC.Software Limited is a private company, limited by shares incorporated in England and Wales. The address of the registered office and the company number is given on the company information page of these financial statements.

During the year the place of business was 4 Archipelago Lyon Way, Frimley, Camberley, GU16 7ER.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements are presented in sterling which is the functional currency of the company and rounded the nearest £.

These financial statements for the year ended 31 December 2016 are the first financial statements that comply with FRS102. The date of transition is 1 January 2015 and the end of the comparative period is 31 December 2015.

The following principal accounting policies have been applied:

2.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Commission revenue - This is recognised when the customer has received the access codes to the software and the sales invoice has been raised in Germany.

Training services - Revenue is recognised at the time the training is completed. Revenue collected on training contracts in advance is deferred and taken into income as the training is provided.

Consulting services - Revenue from a contract to provide consulting services is recognised by reference to the stage of completion of the contract.

The stage of completion of the consulting service contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

MSC.SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 20% over period of the lease
Computer equipment	- 20-33% straight line
Furniture, fixtures and fittings	- 20-25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MSC.SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of income and retained earnings in the same period as the related expenditure.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

MSC.SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.14 Taxation

Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. EMPLOYEES NOTE

The average monthly number of employees, including directors, during the year was 28 (2015 - 32).

4. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Andrew Brown BA ACA FCCA (senior statutory auditor) for and on behalf of Wellden Turnbull Limited.

MSC.SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. TANGIBLE FIXED ASSETS

	Leasehold improvement s £	Computer equipment £	Furniture, fixtures and fittings £	Total £
COST OR VALUATION				
At 1 January 2016	116,163	118,715	103,325	338,203
Additions	-	6,270	-	6,270
Disposals	-	(5,931)	-	(5,931)
At 31 December 2016	116,163	119,054	103,325	338,542
DEPRECIATION				
At 1 January 2016	69,980	92,790	93,572	256,342
Charge for the period on owned assets	23,406	14,187	4,643	42,236
Disposals	-	(5,931)	-	(5,931)
At 31 December 2016	93,386	101,046	98,215	292,647
NET BOOK VALUE				
At 31 December 2016	22,777	18,008	5,110	45,895
At 31 December 2015	46,183	25,925	9,753	81,861

6. DEBTORS

	2016 £	2015 £
Trade debtors	51,932	143,041
Amounts owed by group undertakings	1,157,017	234,956
Other debtors	8,856	500
Prepayments and accrued income	230,675	145,013
	1,448,480	523,510

MSC.SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	17,191	24,279
Amounts owed to group undertakings	9,682	342,551
Corporation tax	12,194	17,355
Other taxation and social security	41,214	46,352
Other creditors	61,200	37,722
Accruals and deferred income	152,808	154,889
	<u>294,289</u>	<u>623,148</u>

8. PROVISIONS

	Dilapidations £
At 1 January 2016	34,417
Charged to profit or loss	2,766
AT 31 DECEMBER 2016	<u><u>37,183</u></u>

9. FINANCIAL COMMITMENTS

Total financial commitments which are not included in the balance sheet amount to £285,240 (2015 - £367,904).

10. PARENT COMPANY

At the balance sheet date, the parent undertaking is MSC.Software Corporation, a company incorporated in the United States of America.

11. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.