Blue Prism Group plc

Annual Report and Financial Statements
Year ended 31 October 2016

blueprism®
Robotic Process Automation Software

Delivering the **world's most successful digital workforce.**

blueprism.com

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About Blue Prism Group plc

Blue Prism is a leader in Robotic Process Automation ("RPA"), enabling blue-chip organisations to create a digital workforce powered by Blue Prism's software robots that are trained to automate routine back-office clerical tasks. The Group's enterprise-grade software enables the automation of manual, rules-based, administrative processes to create a more agile, cost effective and accurate back-office.

Blue Prism's Robotic Process Automation (RPA) software delivers the world's most successful digital workforce, which has executed over 1 billion transactions in our customers' datacenters. The Group is trusted by a diverse range of highly successful organisations to operate in some of the most demanding administrative environments. Blue Prism provides a scalable and robust execution platform for best of breed Artificial Intelligence (AI) and cognitive technologies and has emerged as the trusted and proven RPA platform for the digital enterprise. Customers include Aegon, BNY Mellon, Commerzbank, IBM, ING, Maersk, Nokia, Nordea, Procter & Gamble, Siemens, Westpac and Zurich.

Blue Prism Group plc is a UK registered company quoted on the AIM market of the London Stock Exchange and primarily sells software term licenses, typically over three years and supported during the life of the contract by world class customer services and product maintenance from our experienced global support team. Blue Prism operates an indirect route to market with sales and implementation typically completed for customers by our global network of channel partners who we support with training, collateral and professional services to help them deliver best practice implementations. As at 31 October 2016 Blue Prism had 86 employees based out of offices in Manchester and London (UK) and Miami, Chicago, New York and San Francisco (US).

Chairman's Statement

I am very pleased to present the full year report on the results of Blue Prism Group plc ("Blue Prism" or the "Group") for the year ended 31 October 2016, the first following its IPO on AIM on 18th March 2016.

This was a successful financial year for Blue Prism as businesses worldwide increasingly recognised the many benefits of Robotic Process Automation ("RPA") technology and the transformative advantages provided by Blue Prism's RPA software.

In headline terms, total contracted revenue increased over 200% and recognised revenue increased 59%. Underlying this, we brought forward our investment programmes during the year to match the growth of the RPA market primarily through the growth of our US sales team and wider sales and marketing teams. We have doubled staff numbers from 43 to 86 and continued to expand Blue Prism's global partner network. Channel partners were responsible for over 90% of new business within the year and have been operating on an increasingly global basis.

We are also pleased to note that more than 40% of our 189 license deals in the financial year were to existing customers, which is an important validation of the business model and quality of the product offering.

Looking forward, we will continue to invest alongside market developments, further scaling our sales and delivery channels as appropriate. In particular, we will focus on the accreditation of our partners and their employees in order to maintain skills and quality of delivery as the market scales. We will continue to invest in the core technology in order to maintain our position as the leading global RPA technology provider and build on our emerging position as the scalable and robust execution platform for third party Artificial Intelligence and cognitive technologies.

We added strength and depth to the board and I would like to welcome Charmaine Eggberry and Ken Lever as Non-Executive Directors. I would also like to thank our staff and management team, without whose dedication, hard work and energy none of our success during 2016 could have been possible.

Our strong positioning in an emerging and exciting global market sets the scene for another positive year.

Jason Kingdon
Non-Executive Chairman

Strategic Report

Overview

The last financial year was billed as a year of expansion and we are pleased to have successfully delivered against the targets we set out at the time of our IPO in March 2016. Since becoming a public company, our corporate profile has increased considerably and we have seen a growing and positive recognition of Blue Prism and a strengthening pipeline.

In FY2016, we focused our investments primarily in sales and marketing and in expanding our geographic presence. This will remain a theme of 2017 as we continue to leverage our indirect channels to address a growing global demand for RPA software.

Total contracted revenue for the year ended 31 October 2016 increased by 205% to £35.2m (FY2015: £11.5m) and reported revenue increased by 59% to £9.6m (FY2015: £6.1m). This gives us excellent forward revenue visibility, underlining the term license nature of the business. The exit run rate stood at £946k per month at 31 October 2016, demonstrating continued strong momentum, rising 143% in the year (31 October 2015: £390k per month).

Market review

The RPA market continues to demonstrate encouraging signs of rapid growth with organisations increasingly aware of this new technology category and Blue Prism is building on its position as the premium, enterprise-strength product in the market.

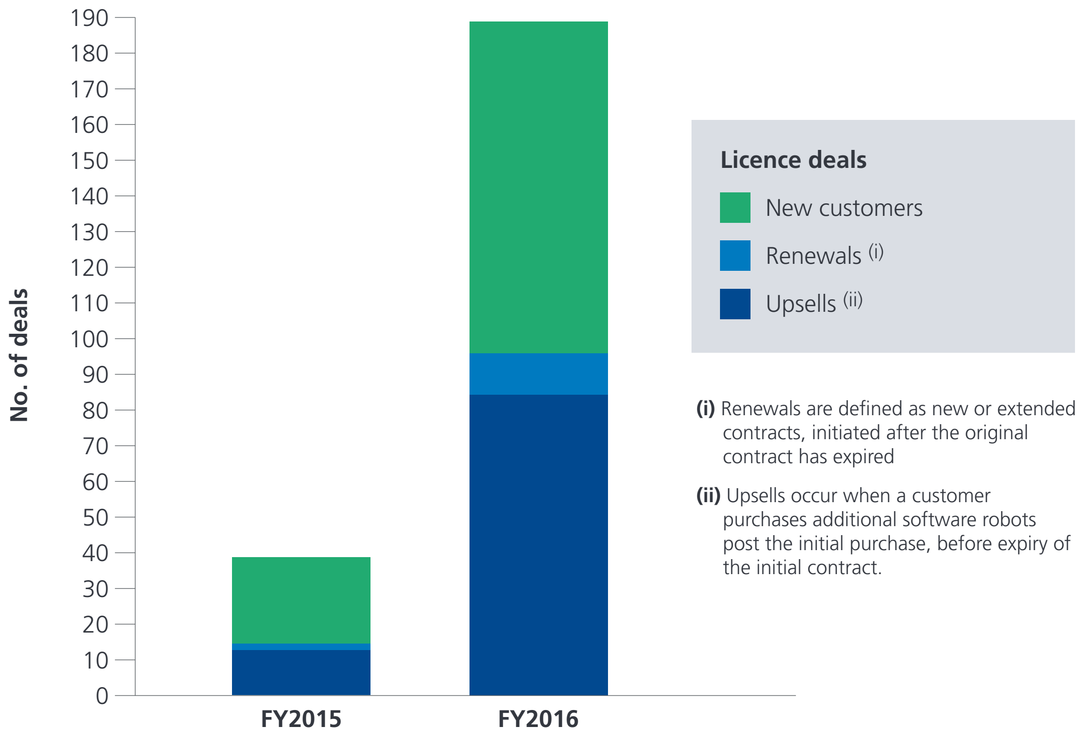
Geographically the Group saw strong demand across North America and Europe and interest emerging in new geographies such as South Africa, Australasia, India, Japan and the Middle East.

RPA market progression has naturally attracted increased competition over the past year which helps to further validate the RPA market that Blue Prism was instrumental in creating. Blue Prism's software continues to be differentiated in the market by its ability to deploy securely, and at scale, in enterprise-sized organisations. The core elements of the product that deliver this value are its security, governance, data integrity, scalability, regulatory compliance and full audit and change management capabilities. Blue Prism has spent many years industrialising its product to this enterprise class level and has invested much resource in educating the market with regard to its differentiation.

Our premium software offering, combined with our global distribution capabilities; significant business momentum; robust balance sheet; and high profile, which in part results from our public listing, puts us in a strong position to capitalise on a market increasingly entering into rapid growth.

Operational review

The Group experienced significant customer momentum in the year, primarily through our channel partner ecosystem. In line with our strategic goals set out at the time of our IPO, we have invested in expanding our sales force and building a scalable channel partner ecosystem. We were pleased that this has resulted in strong growth in licence deals with 189 closed during the financial year, up from 40 in 2015.



(i) Renewals are defined as new or extended contracts, initiated after the original contract has expired

(ii) Upsells occur when a customer purchases additional software robots post the initial purchase, before expiry of the initial contract.

Deals with or through our channel partners accounted for over 90% of new customers, demonstrating the considerable success of our indirect sales model. This success is further supported by the resources being allocated to Blue Prism sales by global strategic partners and specialist resellers such as Accenture, Alsbridge, Deloitte, Digital Workforce, EY, Hewlett Packard Enterprise, IBM, id. Management, NEOOPS, Reveal Group, Symphony Ventures, The Burnie Group and Thoughtonomy. We are also developing technical partnerships with third party Artifical Intelligence and cognitive products to position Blue Prism as the execution platform at the centre of a smart new digital workforce for the enterprise.

81 of our licence deals signed during the year were upsells across 47 customers providing evidence that customers are augmenting their initial adoption of robots, rolling them out across increasingly strategic and transformational projects. The Group enjoyed a 100% renewal rate in the period, including renewing the licences of 2 of our largest customers.

Total customer numbers increased from 57 to 153 across a number of industries such as banking and finance, insurance, healthcare, outsourcing, and government. Notably, many of these customers are in highly regulated industries, validating the robust and secure nature of our enterprise level software.

Professional Services is now largely focussed on partner delivery enablement and certification, quality assurance and the continued development of best practice methodologies and operating models.

The US is a strategic focus for the Group as the world's leading technology economy and has been a key focus of investment. This has resulted in substantial growth during the period with 27% of the Group's revenue coming from North America, growing from £0.6m in FY2015 to £2.6m for this financial year. Whilst the RPA market in the US is at a more nascent stage than Europe, particularly in the channel partner ecosystem, we see evidence of larger upfront commitments to licence adoption amongst customers. The Group won 18 new customers in North America of which 2 were direct and 16 indirect; and 19 upsells in the year.

Through our global partner network we are seeing demand in new geographies and they have already delivered sales in South Africa, Australasia and the Far East, for example. We will seek to strategically invest to support our partners and drive new sales in new regions.

To provide class leading customer service to our growing and increasingly global customer base we have increased the number of support staff and made preparations to roll out global 24/7 support by adding new centres in Austin, Texas and Sydney, Australia alongside our existing UK customer service operation.

In May 2016, we launched version 5.0 of the Blue Prism software platform which included, for example, the ability to allocate and dynamically reallocate work to robot teams across multiple data centres, geographies and the cloud as well as improved new encryption functionality to improve data security and a renewed user interface and technology platform to support new technologies and future versions of the platform. The multi-language capability provided by version 5.0 has allowed us to expand beyond English speaking countries further enabling us to support the global demand for RPA technology.

Employees

During the year staff numbers doubled from 43 to 86. We primarily invested in our global sales and marketing team in order to serve the substantial opportunities presented by the fast growing market in which we operate. As a result of this investment the US became our largest single sales force during the financial year.

At the time of the IPO, we implemented an equity ownership scheme for all employees and this policy continues to allow us to attract and retain high quality people in these fast moving market conditions. In this year of rapid expansion and considerable growth, we would like to welcome all our new joiners and thank all Blue Prism employees, new and old, for their considerable dedication, hard work and enthusiasm in growing the business.

Executing our strategy

We made substantial progress during the year in the four elements of our strategic focus, communicated at the time of the IPO:

Building a scalable sales and delivery channel

The Group's channel partner model continues to develop well and now accounts for the vast majority of our new business. Our partners provide us with a global, scalable sales and delivery presence as well as domain expertise in industry sectors and geographies, many based on existing and trusted relationships.

We intend to continue to build this partner network further, with the aim of increasing our coverage of different industries and geographies.

As our customer base grows we are seeing a shortage of Blue Prism skills within the wider market. To help address this, we are developing individual accreditation programmes, providing formal qualifications for the development of specific Blue Prism skills. We are also rolling out autonomous training kits to enable partners and customers to set up their own internal operations.

To ensure our customers receive consistent levels of delivery support we are rolling out a partner certification programme in the coming financial year to provide visible partner capability intelligence and quality assurance to our customers.

Increasing business with the Group's customers

The Group's initial investment in account management resources is showing signs of success with 81 upsells across 47 customers in the period. We also saw evidence that new customers signed through or with alliance partners are beginning to take larger average initial licence deals.

To help drive continued growth in licences to existing customers we will invest further in account management for our indirect model.

Executing on the Group's US market strategy

The Group has made good progress in the US having secured important direct and indirect reference sites. We have also seen our investment in building out our sales team already reflected in the strong revenue progress in FY2016. We continue to view the US as a strategic priority and are investing in sales, marketing and support with a particular focus on developing the indirect channel partner model in the region.

Reinforcing the Group's market leadership to take advantage of RPA market adoption

The Group continued to maintain its premium product and thought-leadership with the launch of version 5.0 in May 2016. This was further validated by the annual AIconics Awards where Blue Prism was named Best Enterprise Application of Artificial Intelligence.

To ensure that our software remains at the forefront of the industry and that we retain our strong market positioning we will continue our policy of aiming to invest approximately 10% of the Group's revenues in product development targeted primarily at further reinforcement of the enterprise strength and scale of the software and to build on its emerging position as the scalable and robust execution platform for third party Artificial Intelligence and cognitive technologies which will form part of the future digital enterprise.

Summary and outlook

We are delighted with Blue Prism's performance for the year ended 31 October 2016, our first as a publicly listed company. The Group outperformed its targets for the period across all areas of the business, both operationally and financially. Our strategy to move to a wholly indirect sales model has been very successful with our partner network delivering over 90% of new business in a year in which customer numbers increased by 96 from 57 to 153.

The RPA market continues to grow, and whilst this is generating increased competition, we believe Blue Prism is well positioned and sufficiently differentiated to take advantage of this growth through continued product innovation and marketing. To drive continued growth in our indirect sales model, our primary investment focus remains on building our global sales team which also manages the partner relationships.

Taking into consideration the FY2016 exit monthly run rate and assuming the ongoing momentum in new customer wins and upsells continues, we expect revenue for the current financial year to be comfortably ahead of existing market expectations.

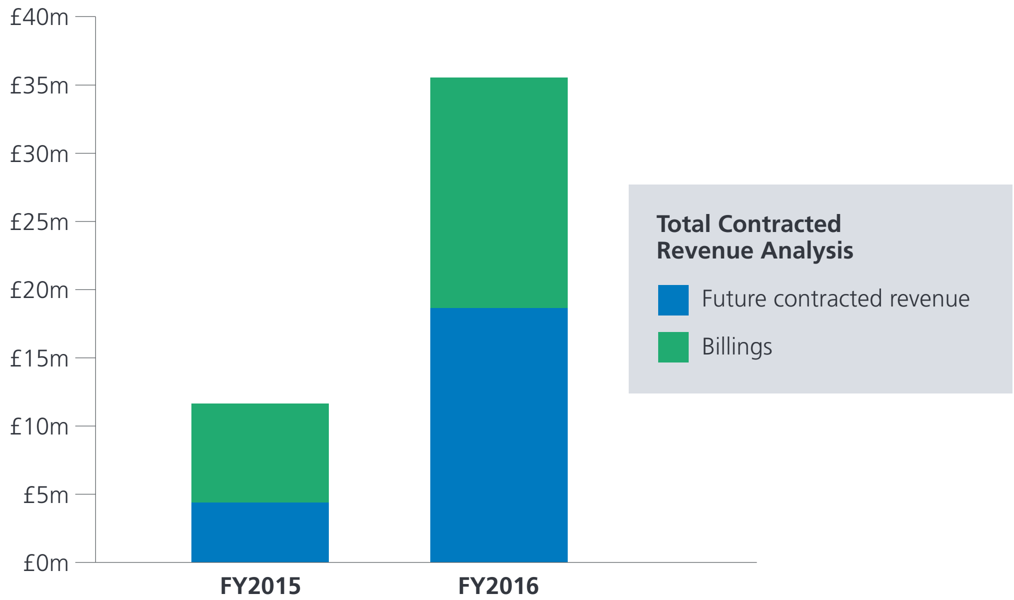
Financial Review

Introduction

We are pleased to present our maiden full year results as a public company. This has been a successful year for the Group with good progress against our financial expectations.

Billings and future contracted revenue

The Group saw billings, defined as invoices raised in the period, and future contracted revenues, defined as the future value of the contract which has not yet been invoiced to the customer, grow substantially during the period.



(i) Billings represent the invoices raised during the period on credit terms of up to 90 days, with revenues being subsequently recognised over the life of the contract.

(ii) Future contracted revenue represents contracts entered into with customers yet to be invoiced

Billings increased 133% to £16.7m against the comparative year (FY2015: £7.2m). This increase has largely been driven by new customer wins, which accounted for 35% of total billings. Billings were enhanced by £2.2m as a result of two customer prepayments in the year.

Future contracted revenue increased 325% to £18.5m (FY2015: £4.3m) providing the Group with strong revenue visibility.

Total contracted revenue, being the total of billings and future contracted revenue, increased 205% to £35.2m in the year (FY2015: £11.5m).

Revenue

Recognised revenue for the year increased 59% to £9.6m (FY2015: £6.1m). As such, over £25.6m of the £35.2m of total contracted revenue during the year is still to be recognised in the income statement.

Recurring licence revenue accounted for 85% of recognised revenues at £8.2m (FY2015: 62%). Non-recurring revenue fell to £0.2m (FY2015: £1.0m) reflecting our focus on building a predominantly recurring revenue business. Professional Services revenues also reduced slightly to £1.3m (FY2015: £1.4m) reflecting our continued transition to an indirect delivery model.

The monthly exit run rate, which illustrates the momentum of recognised recurring licence revenue, stood at £946k for October 2016. This has grown 143% in the year from £390k per month for October 2015. The exit run rate is the recurring licence revenue released to the profit and loss account in the month of October.

Revenue from UK operations grew 25% to £7.0m (FY2015: £5.5m), representing 73% of total revenues. Revenue from US operations grew to £2.6m (FY2015: £0.6m), representing 27% of total revenues.

Loss from operations

Losses from operations were £5.3m, which includes share-based payments of £362k and IPO costs of £502k, (FY2015: loss: £0.8m), as the Group brought forward investments initially scheduled for 2017 to better meet the substantial market opportunity. Investments in growing our US sales, and wider sales & marketing teams were the core focus during the year.

Adjusted losses from operations were also impacted by the growth in total contracted revenue which resulted in increased sales commissions since the Group policy is to expense sales commissions on the whole contract immediately upon payment of the first invoice.

Foreign exchange gains

The entity generated foreign exchange gains during the period of £322k (FY2015: £13k). The gains generated during the period have arisen as a result of the increased value of billings during the period in USD. This increase in billings in USD has coincided with a steady fall in the value of the GBP against USD across the period, resulting in a significant movement in the exchange rate when a significant value of billings in USD remained outstanding within the 30-90 day credit terms offered.

Statement of financial position

Deferred income, which is the value invoiced less the recognised revenue in the year, grew 206% to £10.4m (FY2015: £3.4m), as a result of strong growth in new business and the prepayment of £2.2m from 2 customers. Of the £10.4m at 31 October 2016, £9.1m (87%) will be released in 2017 and the balance over the remaining period of the prepayment.

Trade and other receivables increased to £5.6m (FY2015: £1.5m) as the Group enjoyed a strong end to the financial year. There are no intangibles on the balance sheet and research and development costs have been fully expensed as incurred as none of these met the criteria for capitalisation.

Cash flows

Cash and cash equivalents at 31 October 2016 were £11.8m (31 October 2015: £2.4m). Net cash for the year increased as a result of £8.8m (net of expenses) raised at the IPO and advanced payments from customers of £2.2m. Strong contract payment term negotiations have enabled us to fund operating losses organically and bring forward investments from 2017 without the need to use any of the funds raised at the IPO. We continue to focus on being cash-generative in the medium term.

Additionally, the Group has a £2.0m Revolving Credit Facility which is currently unutilised.

Key Performance Indicators (KPIs)

The Group tracks a number of KPIs to identify trends in the trading performance and to benchmark progress of key objectives.

Financial KPIs	2016 £'000	2015 £'000
Total Billings in the year ended 31 October 2016	**£16,748**	£7,186
Future contracted revenue	**£18,479**	£4,343
Total contracted revenue	**£35,227**	£11,529
Recognised Revenue	**£9,644**	£6,062
Monthly Run rate	**£946**	£390
Operating loss	**(£5,274)**	(£753)
Share based payments	**£362**	£26
IPO costs	**£502**	-
Foreign exchange gains	**(£322)**	(£13)
Adjusted losses from operations (excludes share-based payments, IPO costs, and foreign exchange gains)	**(£4,732)**	(£740)
Cash	**£11,788**	£2,351
Cash generated from operations (£'000)	**93**	433
Loss per share	**(10.53p)**	(2.56p)
Non-Financial KPIs		
Number of customers	**153**	57
Total Number of staff	**86**	43

Principal risks and uncertainties

The Group is exposed to a number of potential risks which may have a material effect on the reputation, financial or operational performance.

It is not possible to identify or anticipate every risk that may affect the Group, or the materiality of that risk, however, the principal risks and uncertainties faced by the Group are set out below.

The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee.

Operational risks

Key areas for on-going risk management are:

Failing to successfully implement its growth strategies

The Company intends to carry out certain growth and expansion strategies. The Group's growth and future success will be dependent to some extent on the successful completion of such growth and expansion strategies currently or proposed to be undertaken by the Group and the sufficiency of demand for the Group's software. The execution of the Group's growth and expansion strategies may also place strain on its managerial, operational and financial reserves and the failure to implement such a strategy may adversely affect the Group's reputation, business, prospects, results of operation and financial condition.

Dependence on Channel Partners

The Group is increasingly selling its software robots through Channel Partners and is increasingly focussing on this route to market including establishing a Channel Partner sales academy and Rainbow University. There can be no guarantee that these Channel Partners sell the Group's software robots to their end-customers. The loss of certain key Channel Partners (and the resulting loss of indirect customers contracted via those Channel Partners) could have a material adverse effect on the Group's business and financial condition.

Failure of the market to accept the Group's operating model of a fully automated digital workforce

A large proportion of the Group's target market still uses traditional systems relying on human driven activities for the major part of their operations. The Directors believe the market needs further education on the virtues of its software machine driven technology, and on how to integrate it into its current operations. Potential customers may however favour more traditional methodologies and/or be cautious about investing in the Group's software due to lack of education as to how it operates. Failure by the Group to bring about a change in the market's readiness to accept a new technology will lead to slower than projected growth in the Group's revenues and profits.

Undetected defects in the software provided by the Group

The Group's business involves providing customers with reliable software. If the software contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. The Group endeavours to negotiate limitations on its liability in its customer contracts, however, defects in either the software developed on behalf of customers or developed and sold by the Group could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. A successful claim by a customer to recover such losses could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

The Group's software may not perform as expected and the Group could be at risk of defects which adversely affect its customers

There is no guarantee that the Group's software will perform as intended. Costs spent on developing the software may therefore not be recouped and this may result in reduced profitability for the Group. As the Group's software is complex, they may contain defects or vulnerabilities which may not be detected until after their deployment to end customers. These could result in the Group's customers being vulnerable to security attacks or adverse performance. The Group moreover may not always be able to identify the cause of performance problems in its software. The Group's business would be harmed if any of the events described above caused its end customers or potential end customers to believe the Group's software is not reliable or secure.

Security breaches of the Group's or customer's systems

The Group is often required and authorised by its customers to work with confidential information in the deployment of the Group's software and services. Although the Group employs security and testing measures for the software it deploys, these may not protect against all possible security breaches that could harm the Group's or its customers' business. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, its business. In addition, a party who is able to circumvent the Group's security measures could, among other things, misappropriate proprietary information, interrupt the Group's operations or expose customers to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against the Group. Whilst the Group will, where possible, seek to ensure that its customer agreements contain provisions that limit the Group's liability, the Group may need to enforce these provisions to enjoy the benefit of them, with the associated risk and expense.

The Group's software may be at risk from cyber-attacks

The Group relies on information technology systems to conduct its operations. Because of this, the Group and its software are at risk from cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information, corrupting data, or causing operational disruption. If the Group suffers from a cyber-attack, whether by a third party or insider, it may incur significant costs and suffer other negative consequences, such as remediation costs (including liability for stolen assets or information) and repairing any damage caused to the Group's network infrastructure and systems. The Group may also suffer reputational damage and loss of investor confidence. If the Group suffers a cyber-attack, this could expose the Group to potential financial and reputational harm.

The Group may be adversely affected by technological change in the Artificial Intelligence industry

The Group expects that new artificial intelligence technology will continue to emerge and develop, therefore it is possible that this technology may be superior to, or render obsolete or unmarketable, the technology that the Group currently offers. Any failure of the Group to ensure that its software remains up to date with the latest technology may have a material impact on the Group's competitiveness and financial performance. The Group plans to continue to develop innovative solutions for its customers but there can be no assurance that the Group will be able successfully to develop new products and expand its business as planned or that these new products will be successful or profitable. The company's success will depend, in part, on its ability to develop and adapt to these technological changes and industry trends.

The Group faces strong competition in a rapidly evolving market

Although the Directors believe that significant barriers to entry exist in the markets in which the Group operates, including for example the technical skill and expertise required to develop its technology, the Group may face an increasing amount of competition. Competitors may seek to develop software which more successfully compete with the Group's current product range and they may also adopt more aggressive pricing policies or undertake more extensive marketing and advertising campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future. The Group would also face an increase in competition if its competitors adopted but further developed the Group's software or if there were new entrants to the market with comparable or competitively superior technology.

Growth management

The Directors believe that further expansion, either organically or through acquisition, may be required to capitalise on the market opportunities available to the Group. Such expansion is expected to place further demands on management, support functions, sales and marketing functions and other resources of the Group. In order to manage the further expansion of the Group's business and the growth of its operations and personnel, the Group may be required to expand and enhance its infrastructure and technology and enhance its operational and financial systems and procedures and controls from time to time in order to match that expansion. This could have a material cost to the Group. Historically, the Group has invested in its people, infrastructure, processes and policies to enable and support continued revenue growth but its future success will depend, in part, on its ability to continue to manage this anticipated expansion.

There can be no assurance that the Group's current and planned staff, infrastructure, systems, procedures and controls will be adequate to support its expanding operations in the future. If the Group fails to manage its expansion effectively, its business, prospects and results of operations may be materially and adversely affected.

This report was approved by the Board and signed by the Board:

Alastair Bathgate
Chief Executive Officer
23 January 2017

The Board and Corporate Governance Report for the year ended 31 October 2016

At 31 October 2016 the Board comprised the Chairman, two Executive Directors and three NEDs whose Board and Committee responsibilities are set out below.

		Board	Audit Committee	Remuneration Committee
Jason Kingdon	Chairman	Chairman	-	-
Alastair Bathgate	CEO	Member	-	-
Gary Johnson	CFO	Member	-	-
Chris Batterham	Senior Independent NED	Member	Member	Member
Ken Lever	Independent NED	Member	Chairman	Member
Charmaine Eggberry	Independent NED	Member	Member	Chairman

The Board meets formally on a regular basis to monitor operating issues, risk and trading performance, to review forecasts, strategy and policy, to consider key projects and to oversee shareholder reporting. The Board is responsible for corporate governance and delegates operational control to the Executive Directors.

The Chairman and NEDs have held meetings throughout the year with the various senior managers to improve insight into the business operations and the marketplace.

There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Group's affairs. The schedule includes approval of the Annual Report and any other financial statements, the adoption of the budgets and business plans, material financial commitments, and the release of inside information.

The Board considers its overall size and composition to be appropriate, having regard to the experience and skills which the Board members bring together. The Board confirmed that Chris Batterham, Ken Lever and Charmaine Eggberry are independent in character and judgement. The Chairman, Jason Kingdon is not independent, however the Board considers that Jason Kingdon's long experience as Chairman of the Board of Blue Prism Limited (which until the IPO was the parent of the Group) will be of benefit to the Board in providing continuity of knowledge and additional industry expertise to the Group.

Directors

Dr. Conrad Jason Kingdon (54) (Non–Independent, Non-Executive Chairman)

Jason has been commercialising AI for over 25 years. He has a PhD from University College London and was co-founder of UCL's Intelligent Systems Lab. He co-founded and was CEO of Searchspace, a company which pioneered big data analytics introducing intelligent transaction monitoring for Anti Money Laundering for many of the world's top tier banks. The company was multi award winning for both technology and revenue growth and was also endorsed by the American Banking Association as the preferred technology for AML detection. Jason led a highly successful exit in 2005 and has since been a member of UCL Enterprise Board, has set-up his own private AI research lab and became an early backer to Blue Prism. He's an EY entrepreneur of the year, author and editor of AI books, papers and patents.

Alastair Douglas Bathgate (52) (Chief Executive Officer & Co-Founder)

Alastair has over 30 years' experience in enterprise software, manufacturing, retailing and banking. He co-founded the Group in 2001 alongside David Moss, having previously spent eight years in process improvement at Bradford & Bingley Building Society and four years delivering enterprise software solutions to major customers such as Barclays Bank at Lynx Financial Systems.

Alastair has an MBA with distinction from Leeds University Business School.

Gary Michael Johnson (61) (Finance Director)

Gary has over 20 years' experience in senior finance roles across the technology sector. He joined the Group in February 2015 and was most recently finance director of Testronic Laboratories, a digital testing company covering digital TV, video games and movies. His previous experience includes roles as chief operating officer at Sony Psygnosis and finance director of Acorn Computers plc and Rage plc.

Gary is a member of the Institute of Chartered Accountants in England & Wales.

Christopher Michael Batterham (61) (Senior Independent Non-Executive Director)

Chris qualified as an accountant with Arthur Anderson and has significant experience in senior finance roles across the technology sector. He joined the board of the Group in September 2012 and was previously finance director of Unipalm plc, the first internet company to IPO in the UK, until 2001 and chief financial officer of SearchSpace Limited until 2005. Chris currently serves as non-executive chairman of Eckoh plc and Non-Executive Director of SDL plc, NCC Group plc and Toumaz Group plc.

Chris has an MA from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales

Kenneth (Ken) Lever (63) (independent Non-Executive Director)

Ken is an ex-partner of Arthur Andersen and has held senior executive director roles in many listed companies including Alfred McAlpine plc, Albright & Wilson plc and Tomkins plc. Ken was Chief Financial Officer of Numonyx in Switzerland from April 2008 to September 2010, and was Chief Executive Officer of Xchanging between 2011 and 2015.

Ken currently is a Group Chairman of RPS group plc, Non-Executive Director of Vertu Motors plc, Gresham House Strategic plc, SVBM Ltd, Biffa plc and F.M. Insurance Company Limited.

From 2007 to 2013 Ken was a member of the Accounting Council (formerly the UK Accounting Standards Board) of the Financial Reporting Council. Ken is a Fellow of the Institute of Chartered Accountants in England & Wales.

Charmaine Bridgette Eggberry (46) (Independent Non-Executive Director)

Charmaine was global senior vice-president at Nokia. Between 2002 and 2008 Charmaine was managing director and vice president, EMEA at Research in Motion (Blackberry). She also led Wayra, the digital accelerator and was a non-executive director of Wayra UnLtd, a joint venture between the UK Government and Telefónica.

Charmaine currently is a Non-Executive Director of Avanti Communications Group plc and GB Group plc and chairperson of Buzzmove and a partner with the Boston Consulting Group.

Directors' Indemnities

At the date of this Directors' and Corporate Governance Report, indemnities are in force for both the directors and the Company Secretary, to the extent permitted by law and by Blue Prism Group plc's Articles of Association, in respect of losses arising in their capacity as officer of any member of the Blue Prism Group. In addition, Blue Prism has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors and officers.

Board committees

Audit Committee

The Audit Committee comprises Ken Lever (Chairman), Chris Batterham and Charmaine Eggberry. The committee meets at least twice per year and more frequently if required. The Committee is responsible for monitoring the integrity of the Company's Financial statements, monitoring the quality of the internal controls, reviewing significant financial reporting issues, overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). Executive Directors or other members of the management team may be invited to attend meetings.

Remuneration Committee

The remuneration committee comprises Charmaine Eggberry (Chairman), Ken Lever and Chris Batterham. The committee meets at least twice per year and more frequently if required. The Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the executive directors and other designated senior management and determining the total remuneration packages including where appropriate bonuses, incentive payments, share option awards and other share awards. The remuneration of the Non-Executive Directors will be determined by the Chairman and the Executive members of the Board. No director will be involved in any decision as to his or her own remuneration.

Internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The processes to identify and manage the key risks of the Group are an integral part of the internal control environment. Such processes, which are regularly reviewed and improved as necessary, include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure, ensuring proper accounting records are maintained, the appointment of senior management and the setting of high standards for health, safety and environmental performance.

The effectiveness of the internal control system and procedures is monitored regularly through a combination of review by management, the results of which are reported to and considered by the Audit Committee. The system of internal control comprises those controls established to provide assurance that the assets of the Group are safeguarded against unauthorised use and to ensure the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failing to achieve the business objectives of the Group.

Relations with shareholders

The company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the Annual General Meeting. All shareholders will receive a copy of the Annual Report (electronic or hard copy depending on shareholder preference) and an interim report at the half year will be available on the Company's website.

Directors' Report for the year ended 31 October 2016

Business Review and future developments

A review of the Group's operations and future developments is covered in the Strategic Report section of the Annual Report and Accounts on pages 6 to 16.

Dividend

The Directors do not recommend the payment of a dividend.

Going Concern

After making enquiries, the Directors have confidence that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Directors

The Directors who served on the Board and on Board committees during the year are set out on pages 18 and 20. Information on Directors' remuneration and share option rights is given in the Directors' Remuneration section below.

Significant shareholders

The Company is informed that at 31 October 2016, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Enterprise Ventures	9,561,549	15.4%
Alastair Bathgate	6,308,462	10.1%
Jason Kingdon	6,229,822	10.0%
Schroders Investment Management	5,728,832	9.2%
David Moss	4,016,872	6.5%
Hargreave Hale	3,425,483	5.5%

Directors’ Share Interests

The directors who held office during the year had the following interests in the ordinary shares of Blue Prism Group plc according to the register of Directors’ interests:

As at 31 October 2016	Number of 1p ordinary shares	% of issued ordinary share capital
Alastair Bathgate	6,308,462	10.1%
Jason Kingdon	6,229,822	10.0 %
Gary Johnson	99,820	0.2%
Chris Batterham	200,000	0.3%
Ken Lever	32,051	<0.1%
Charmaine Eggberry	320,512	0.5%

Also as at 31 October 2016 the following options over the company’s ordinary shares had been granted to the following directors, pursuant to the Share Plans:

As at 31 October 2016	Number of Options	Exercise Period	Exercise Price
Alastair Bathgate	497,436	18th March 2019 to 14th March 2026	78p
Gary Johnson	402,564	18th March 2019 to 14th March 2026	78p

None of the Directors had any interest in the share capital of any subsidiary company.

Directors' Remuneration

The emoluments of the Directors were as follows (audited):

	Salary £	Bonus / Commission £	Pension £	Other benefits £	Total 2016 £	Gains on exercise of share options £	Emoluments year ended 31 October 2015 £
Alastair Bathgate	122,027	19,419	10,045	6,204	157,695	3,234,000	150,304
Gary Johnson	107,840	17,887	-	7,420	133,147	66,773	72,900
Jason Kingdon	54,119	9,710	-	-	63,829	-	65,124
Chris Batterham	41,333	-	-	-	41,333	18,420	-
Ken Lever	30,208	-	-	-	30,208	-	-
Charmaine Eggberry	30,208	-	-	-	30,208	-	-
Totals	**385,735**	**47,016**	**10,045**	**13,624**	**456,420**	**3,319,193**	**288,328**

Alastair Bathgate, as highest paid Director exercised 4,200,000 share options during the period on 18 March 2016 at an exercise price of £0.01.

Research & Development

Investment in the development of its product and the protection of the intellectual property of such development work is considered key to the further improvement of Blue Prism's competitive position. Further details can be found in the Principal risks and uncertainties section on pages 14 to 16.

Political Donations

The Group made no political donations.

Provision of information to the auditors

Each of the Directors at the time when this Report of the Directors is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware; and
- Each director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

AGM Notice

The notice covering the AGM to be held on 21st March 2017, together with an explanation of the resolutions to be proposed at the meeting, is contained in a separate circular to shareholders.

Independent Auditors

The auditors, BDO LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the AGM.

This report was approved by the Board and signed by the Board:

Gary Johnson
Chief Financial Officer
23 January 2017

Directors’ responsibilities

The directors are responsible for preparing the Annual Report and 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 Group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication

The directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the company’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company’s website is the responsibility of the directors. The directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report to the members of Blue Prism Group plc

We have audited the financial statements of Blue Prism Group plc for the period from 2 September 2015 to 31 October 2016 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of financial position, the company statement of cash flows, the company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 statement of directors’ responsibilities, 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 Financial Reporting Council’s (FRC’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC’s website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and the parent company’s affairs as at 31 October 2016 and of the Group’s loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company’s financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors’ Report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Nicole Martin (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

London, 23 January 2017

Consolidated Financial Statements for the Year Ended 31 October 2016

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 October 2016

	Note	2016 £'000	2015 £'000
Revenue	4	**9,644**	6,062
Cost of sales	5	**(67)**	(74)
Gross profit		**9,577**	5,988
Operating expense		**(14,851)**	(6,741)
Operating expenses before share based payments, IPO expenses and foreign exchange gains	6	**(14,309)**	(6,728)
Share-based payments		**(362)**	(26)
IPO expenses		**(502)**	-
Foreign exchange gains		**322**	13
Operating expenses		**(14,851)**	(6,741)
Operating loss		**(5,274)**	(753)
Interest received on bank deposits		**25**	10
Loss before tax		**(5,249)**	(743)
Tax expense	8	**(69)**	(53)
Loss and total comprehensive income for the year		**(5,318)**	(796)
Basic and diluted loss per share attributable to shareholders (p)	9	**(10.53)**	(2.56)

The notes on pages 37 to 55 form part of these financial statements.

Consolidated statement of financial position at 31 October 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	10	**158**	43
Deferred tax assets	14	**-**	69
Total non-current assets		**158**	112
Current assets			
Trade and other receivables	12	**5,585**	1,464
Cash and cash equivalents	21	**11,788**	2,351
Total current assets		**17,373**	3,815
Total assets		**17,531**	3,927
Current liabilities			
Trade and other payables	13	**3,224**	1,149
Deferred revenue		**9,079**	3,425
Corporation tax payable		**-**	2
Total current liabilities		**12,303**	4,576
Non-current liabilities			
Deferred revenue		**1,358**	-
Total non-current liabilities		**1,358**	-
Total liabilities		**13,661**	4,576
Net assets/(liabilities)		**3,870**	(649)
Equity attributable to shareholders			
Called up share capital	15	**1,674**	1,393
Share premium		**9,194**	356
Merger reserve		**356**	-
Share based payment reserve		**287**	104
Accumulated losses		**(7,641)**	(2,502)
		3,870	(649)

The notes on pages 37 to 55 form part of these financial statements.

The financial statements on pages 32 to 65 were approved and authorised for issue by the Board of Directors on 23 January 2017 and were signed on its behalf by:

G Johnson
Director

Consolidated statement of cash flows for the year ended 31 October 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Loss for the year		**(5,318)**	(796)
Adjustments for:			
Depreciation of property, plant and equipment	10	**39**	15
Finance income		**(25)**	(10)
Share-based payment expense	16	**362**	26
Income tax expense	8	**69**	53
		(4,873)	(712)
Increase in trade and other receivables		**(4,119)**	(248)
Increase in trade and other payables		**9,085**	1,393
Cash generated from operations		**93**	433
Income taxes paid		**(2)**	(6)
Net cash flows from operating activities		**91**	427
Investing activities			
Purchases of property, plant and equipment	10	**(154)**	(37)
Interest received		**25**	10
Net cash used in investing activities		**(129)**	(27)
Financing activities			
Issue of ordinary shares net of issue costs		**9,475**	-
Net cash from financing activities		**9,475**	-
Net increase in cash and cash equivalents		**9,437**	400
Cash and cash equivalents at beginning of year		**2,351**	1,951
Cash and cash equivalents at end of year	21	**11,788**	2,351

The notes on pages 37 to 55 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 October 2016

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Accum-ulated losses £'000	Total equity £'000
31 October 2014	1,393	356	78	-	(1,706)	121
Loss and total comprehensive income for the year	-	-	-	-	(796)	(796)
Share based payment	-	-	26	-	-	26
Equity as at 31 October 2015	1,393	356	104	-	(2,502)	(649)
Loss and total comprehensive income for the year	-	-	-	-	(5,318)	(5,318)
Transfer on IPO	-	(356)	-	356	-	-
Exercise of options	153	5	-	-	-	158
Issue of shares at IPO	128	9,872	-	-	-	10,000
Share based payments	-	-	287	-	75	362
Cost of issuing new shares	-	(683)	-	-	-	(683)
Transfer on exercise / forfeiture of options	-	-	(104)	-	104	-
Equity as at 31 October 2016	**1,674**	**9,194**	**287**	**356**	**(7,641)**	**3,870**

The notes on pages 37 to 55 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31 October 2016

1. Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') and their interpretations which have been issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union. They have also been prepared with those parts of the 2006 Companies Act applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 November 2015

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 November 2015. None of the amendments to Standards that are effective from that date had a significant effect on the Group's financial statements.

b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements which have been issued by the IASB but are not yet effective, may have a material impact on these financial statements:

IFRS 15 Revenues from Contracts with Customers, effective for periods commencing on or after I January 2018. The directors have begun to assess the potential effects of this standard on the business, and in particular if it will have any impact on the way revenue is recognised. A study will be carried out on this impact in 2017.

IFRS 9 Financial Instruments, effective for periods commencing on or after 1 July 2018. The impact of this standard is being considered by the directors and any impact, especially around the value of debtors is yet to be fully investigated. IFRS 16 Leases, effective for periods commencing on or after 1 January 2019. The directors are assessing the impact of this standard and the possible impact of any leases being capitalised on the balance sheet. A full review is yet to take place.

Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1. Accounting policies (continued)

Group reorganisation and IPO

During the year the Group was subject to restructuring prior to the IPO. Blue Prism Group plc was positioned at the top of the Group as the new parent company, with the former parent, Blue Prism Limited, becoming a wholly owned direct subsidiary of Blue Prism Group plc through a share-for-share exchange. Such group reorganisations are outside of IFRS3 as the Company does not meet the definition of a business and as such has been accounted for as a group reorganisation rather than a reverse acquisition.

The Group reconstruction has been accounted for using merger accounting principles. Therefore, the consolidated financial statements of Blue Prism Group plc are presented as if Blue Prism Group plc and Blue Prism Limited had always been part of the same Group. Accordingly, the results of Blue Prism Limited for the entire year ended 31 October 2016 are shown in the consolidated statement of comprehensive income and the comparative figures for the years ended 31 October 2015 are also prepared on this basis.

Transaction costs that relate directly to the issue of new equity instruments have been accounted for as a deduction from equity. Where IPO transaction costs relate to both the listing of pre-existing and newly issued shares, those costs have been allocated proportionally between profit or loss and equity on the basis of the proportion of the new shares issued.

Revenue recognition

The Group recognises revenue depending on the substance and legal form of the contracts with its customers. Revenue is recognised once a legally binding contract between the Group and its customers has been established and the delivery of the service has commenced. Service delivery is triggered by the providing of a 'software key' to the customer. Revenues are accrued or deferred based on the length of time through the contract, and this policy is consistently applied across all customers and contracts.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive consideration, revenue from the provision of a license and follow up services is recognised from the commencement and over the period in which the services are rendered, as adjusted for the stage of completion of individual contracts.
Licence fee revenues and maintenance revenues are bundled together as the two revenue streams cannot be separated due to both being intertwined and maintenance is incurred throughout the licence term on an ongoing basis. Revenue for these are recognised on an accruals basis; when invoiced in advance, the income is deferred in the statement of financial position and recognised in the income statement over the length of the licence and maintenance period. The fee for maintenance is included in the licence fee due to the practicality of assessing the fair value of the maintenance portion.

Professional services revenues are recognised when the service has been delivered. If billed in advance, the income related to consultancy days not yet delivered at the end of the period is deferred and recognised in the income statement when the service takes place.

Training revenues are recognised when Blue Prism is notified that the online training course has been completed.

Sales commission

Sales commission is recognised in the profit and loss in wages and salaries at the point at which the contract is signed and the initial invoice has been collected. This is recognised up front as opposed to deferring this cost over the period of the contract as it is deemed an introductory fee, and is not affected by the future performance of a contract.

1. Accounting policies (continued)

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business and are stated net of any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default, or significant delay in payment) that the Blue Prism Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial assets

The only financial assets held by Blue Prism Group plc are trade receivables and other cash and cash equivalents. Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables approximate their fair value.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through the income statement.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Defined contribution pension schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

1. Accounting policies (continued)

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Deferred taxation

Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The deferred tax assets and liabilities are not discounted.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost 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.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Computer equipment - straight line over 3 years

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

1. Accounting policies (continued)

Development expenditure is capitalised if, and only if, the Group can demonstrate all of the following:

(i) the ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible; its future economic benefits are probable;
(iii) the ability to use or sell the developed asset; and
(iv) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure that does not meet the criteria is expensed as incurred.

Capitalised development expenditure is amortised on a straight-line method when the services are ready for sale or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

2. Key accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions 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.

- Revenue recognition - Licence fee and maintenance revenue is recognised on an accruals basis; when invoiced in advance, the income is deferred in the statement of financial position and recognised in the income statement over the length of the licence. The key judgements are that the two are bundled together due to the fact the two parts are intertwined and also due to the difficulty in being able to assess the fair value of maintenance over the licence period, with maintenance being incurred on an ongoing basis throughout the licence period.

- Research and development costs - Internally generated technology is capitalised in accordance with IAS 38. Assumptions and judgements are made with regard to assessing the expected future economic benefits, the economic useful life and the level of completion of the databases. The key judgement here is defining the cut-off point between when research ending and development starting and an assessment is made when looking at the costs incurred and criteria for development costs, including the commercial and technical viability of the costs being assured. At the point where activities no longer relate to development but to maintenance, capitalisation is discontinued.

3. Financial instruments - Risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

3. Financial instruments - Risk management (continued)

Capital risk management

The Group manages its capital to ensure that all Group entities will be able to continue on a going concern basis while maximising its long term return to shareholders. The capital structure of the Group consists of Company equity only, comprising issued capital, share premium, reserves and retained earnings. The Group is not exposed to any externally imposed capital requirements and has no borrowings.

Financial Assets	2016 £'000	2015 £'000
Trade receivables	**4,931**	1,253
Cash and cash equivalents	**11,788**	2,351
Total Financial Assets	**16,719**	3,604

Financial Liabilities	2016 £'000	2015 £'000
Trade and other payables	**1,193**	683
Accruals	**2,031**	466
Total Financial Liabilities	**3,224**	1,149

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts.

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

3. Financial instruments - Risk management (continued)

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 12.

Cash at bank and short-term deposits

The Group's cash is held on deposit with the Group's principal bankers.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances for at least 12 months from the date of signing these financial statements.

4. Segmental Analysis

The Group has one operating segment being the licensing of Robotic Process Automation (RPA) software used to automate routine, rules-based back office processes.

The Group operates in two main geographical areas: UK and USA. The Board of Directors only monitors revenue on this basis. Business performance is otherwise monitored by reference to total results against budget. Revenue for each of the geographical areas is as follows:

	2016 £'000	2015 £'000
Revenue from UK operations	**6,946**	5,479
Revenue from US operations	**2,698**	583
Total	**9,644**	6,062

4. Segmental Analysis (continued)

Revenue

The Group currently has two key sources of revenue:

- Licencing – for the provision of software licences, where the agreement is established of a legally binding contract between the Group and its customers. Standard maintenance and support services are included in the Licence fee.
- Professional Services and training – where the customer requires consultancy or training on a project by project basis.

	2016 £'000	2015 £'000
Licences	**8,304**	4,605
Professional services and training	**1,340**	1,457
Total	**9,644**	6,062

In the prior year the Group had three customers who each contributed to more than 10% of the Group's revenues being £1.2m, £0.9m, and £0.7m respectively.

Assets, liabilities and sources of revenue are not analysed by geography as the business performance measure utilised by the chief operating decision maker, the Board of Directors, is the total business result.

5. Cost of sales

	2016 £'000	**2015 £'000**
Recharged costs	**67**	74

6. Operating loss

Operating loss is after charging / (crediting):	**2016 £'000**	**2015 £'000**
Fees payable to the companies auditor for the audit of the company's annual accounts	**6**	30
Fees payable to the company's auditor for other services:		
Audit of the accounts of subsidiaries	**36**	-
Audit-related assurance services	**19**	5
Tax compliance services	**4**	6
Corporate finance services	**140**	-
Depreciation of property, plant and equipment	**39**	15
Staff costs (note 7)	**10,549**	4,159
Operating lease expense: Other	**175**	131

7. Staff costs

	2016 £'000	2015 £'000
Staff costs (including directors emoluments) comprise:		
Wages and salaries	**8,708**	3,611
Social security contributions and similar taxes	**834**	417
Share-based payment expense	**362**	26
Pension costs	**96**	105
Other staff costs	**549**	-
Total staff costs	**10,549**	4,159

Staff costs includes Sales commissions in the amount of £3,582k (2015: £865k).

Average monthly number of employees (including directors) during the period.

	2016 Number	2015 Number
Directors*	**5**	8
Staff		
Administration	**4**	1
Sales and marketing	**29**	13
Technical services	**26**	17
	64	39

*For 2016 Directors denotes the average number of Blue Prism Group plc directors including 3 non-executive directors. In 2015 this was the number of Directors of Blue Prism Limited.

The remuneration of the highest paid director is shown in the Directors' Report.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page 18, and the Directors of Blue Prism Limited.

	2016 £'000	2015 £'000
Salary	**809**	650
Bonuses	**105**	124
Commission	**202**	141
Pension contributions	**40**	36
Employers NI contributions	**133**	115
Car allowances	**38**	40
	1,327	1,106

The fair value of the share options issued to the key management personnel is £552,256, with one third charged to the profit and loss each year. The profit and loss charge for the year ended 31 October is £114,990.

8. Tax expense

	2016 £'000	2015 £'000
Current tax expense		
Current tax on loss for the year	**-**	2
Foreign tax on loss for the year	**-**	3
Total current tax	**-**	5
Deferred tax expense		
Current period tax expense	**-**	80
Release of deferred tax assets in respect of prior periods	**69**	(32)
Total deferred tax	**69**	48
Total tax expense	**69**	53

No deferred tax asset has been recognised in the year ended 31 October 2016 in relation to trading losses available due to the uncertainty of their utilisation in the near future (2015:£53k).

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2016 £'000	2015 £'000
Loss before tax	5,249	(743)
Tax at domestic rate (2016:20%, 2015:20%)	(1,050)	(148)
Effects of:		
Expenses not deductible for tax purposes	**318**	2
Tax on share options exercised in the period	**-**	-
Differences on foreign tax rates	**-**	(226)
Share options exercised in the period	**(1,856)**	-
Deferred tax not recognised	**2,593**	425
Adjust deferred tax to average rate	**(5)**	-
Deferred tax asset released during the period	**69**	-
Total tax expense	**69**	53

The Blue Prism Group has tax losses of approximately £16,945k (31 October 2015: £2,653k) to carry forward against future profits. The tax value of such losses amounted to £3,756k (31 October 2015: £777k). The UK tax losses have no expiry date. US tax losses expire after 20 years if not utilised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. On the basis there is insufficient evidence that future taxable profits will be available to utilise the tax losses, the deferred tax asset (Note 14) has been released during the period, and no deferred tax asset has been recognised in respect of the trading losses carried forward.

9. Basic and diluted loss per share

	2016	2015
Numerator	**£'000**	**£'000**
Loss for the year and earnings used in basic EPS	**(5,318)**	(796)
Denominator	**'000**	**'000**
Weighted average number of shares used in basic EPS	**50,487**	31,093
Weighted losses per share (pence)	**(10.53)**	(2.56)
Denominator	**'000**	**'000**
Potential diluted average number of shares	**59,432**	31,093

10. Property, plant and equipment

Cost	**Plant, machinery £'000**
At 1 November 2014	98
Additions	37
At 31 October 2015	135
At 1 November 2015	135
Additions	154
At 31 October 2016	289
Accumulated depreciation and impairment	**£'000**
At 1 November 2014	77
Depreciation	15
At 31 October 2015	92
At 1 November 2015	92
Depreciation	39
At 31 October 2016	**131**
Net book value	
At 1 November 2014	21
At 31 October 2015	43
At 31 October 2016	**158**

11. Subsidiaries

The principal subsidiaries of Blue Prism Group plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 October 2016	2015
Blue Prism Limited	United Kingdom	**100%**	100%
Blue Prism Software Inc*	United States	**100%**	100%

* Indirectly held through Blue Prism Limited

12. Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**5,251**	1,488
Less: provision for impairment of trade receivables	**(320)**	(235)
Trade receivables - net	**4,931**	1,253
Prepayments	**654**	198
Other receivables	**-**	13
Total trade and other receivables	**5,585**	1,464

The increase in the provision for impairment is due to the foreign exchange movement on the trade receivable valuation only.

As at 31 October 2016 trade receivables of £1,795k (2015 - £280k) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2016 £'000	2015 £'000
Current	**3,136**	973
Up to 30 days overdue	**601**	146
30 to 60 days overdue	**300**	71
90 days or more and overdue	**894**	63
	4,931	1,253

13. Trade and other payables

	2016 £'000	2015 £'000
Trade payables	**574**	188
Other payables	**619**	495
Accruals	**2,031**	466
Total trade and other payables	**3,224**	1,149

14. Deferred tax assets

The movement on the deferred tax account is as shown below:

	2016 £'000	2015 £'000
At 1 November	**69**	117
Deferred tax credit on share options exercised	**(21)**	5
Deferred tax in respect of trading losses	**36**	(49)
Capital allowances in excess of depreciation	**(15)**	(4)
Deferred tax asset released during the period	**(69)**	-
At 31 October	**-**	69

The deferred tax balances relate to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information as summarised below.

	2016 £'000	2015 £'000
Deferred tax credit on share options in issue	**-**	21
Deferred tax in respect of trading losses	**-**	55
Capital allowances in excess of depreciation	**-**	(7)
	-	69

15. Share capital

Allotted and fully paid up	2016 £'000	2015 £'000
Ordinary share capital	**622**	310
Class B preference shares	**-**	307
8% redeemable preference shares	**-**	776
Deferred shares	**1,052**	-
Total	**1,674**	**1,393**

	Issued and fully paid		
	Number	Share capital £'000	Share premium £'000
At 31 October 2014	**310,162**	310	356
Issues of new shares for cash during the year	**440**	1	-
At 31 October 2015	**310,602**	311	356
Issue of new shares prior to IPO	1,000	1	-
Issue of shares immediately prior to IPO (exercise of all options vested)	152,355	152	5
Total ordinary shares prior to IPO	**463,957**	**464**	**361**
Upon IPO:			
Share split: 100 ordinary shares for every £1.00 ordinary share	**46,395,700**	**464**	**361**
Transfer on IPO	**-**	**-**	**(356)**
Ordinary £0.01 shares issued for preference and B preference shares	**2,994,755**	**30**	**-**
New ordinary £0.01 shares issued at IPO	**12,820,513**	**128**	**9,872**
Cost of issuing new ordinary shares	**-**	**-**	**(683)**
Total ordinary shares at 31 October 2016	**62,210,968**	**622**	**9,194**

Ordinary shares are classed as Equity

As part of the Group restructure, the preference shares of £1.00 each and the B preference shares of £1.00 held by shareholders were converted into Ordinary Shares and deferred shares of £0.01. The conversion resulted in those shares converting into 2,994,755 Ordinary Shares and 105,269,845 deferred shares of £0.01 as follows:

	Number of deferred shares	Nominal value
Deferred shares	**105,269,845**	**1,052,698**

15. Share capital (continued)

The deferred shares carry no voting rights, no rights to income and the right to a return of a maximum of £0.001 on a winding up of the Company.

16. Share options

The Company introduced a Share Option Plan (SOP) in August 2008, whereby the Board of Directors is entitled to grant options to staff, which are convertible into ordinary shares. Options have been granted with a fixed exercise price of £1.00 and £1.25. The contractual life of an option is 10 years. All staff are eligible for awards under the current SOP. There are no reload features. The company has made annual grants each year since 21 September 2008. Options granted under the SOP vest over a three-year period, one third of the options per annum from the date of grant. Exercise of an option is subject to continued employment and SOP members may not transfer or sell their shares except as permitted or required to do under articles subject to the Articles of Association of the Company. Options were valued using the Black-Scholes option-pricing model. There are no performance conditions.

All the above options were exercised immediately prior to the IPO as follows:

Number of share options exercised	**152,355**
Cash raised by the exercise for prices between £1.00 and £1.25:	**£158,319**
Weighted average exercise price	**£1.039**

In February 2016 the Company established an Employee Share Plan and a Non-Employee Share Plan (together the "Share Plans"). The Employee Share Plan is administered by the remuneration committee of the Board and the Non-Employee Share Plan is administered by the Board. Awards under the Share Plans take the form of options to acquire Ordinary Shares with an exercise price equal to the market value of an Ordinary Share on the date of grant. All employees of the Group may be granted awards under the Employee Share Plan. Non-Executive directors and consultants of the Group may be granted awards under the Non-Employee Share Plan. All options under the Share Plans are ten year options. The Employee Share Plan options for staff vest over a three year period, one third each year. Directors options under the Employee Share Plan vest at the end of the three year period. Options awarded under the Non-Employee Share Plan vest over three years, one third each year.

Under these Share Plans, 4,861,859 share options were issued to directors, staff and non-employees at the IPO price of £0.78. Under the Black-Scholes option-pricing model the cost of these options was £500,244 in the first year. Of this £312,481 has been charged to the profit and loss this year.

During the year a further net 574,994 share options have been granted. The cost of these options in the first year under the Black-Scholes option-pricing model was £232,079. Of this £49,600 has been charged to the profit and loss this year.

The exercise price of options outstanding at 31 October 2016 ranged between 78p and 308.5p.

16. Share options (continued)

Share options movement since IPO.

	Number of options	Weighted average option price (£)
Share options on £1 ord. shs outstanding at 1 November 2015	154,155	1.03
Share Options on £1 ord. shs exercised on 21/12/15	(1,000)	1.00
£1 Ordinary share options cancelled on 01/12/15	(800)	1.25
Share options on £1 ordinary shares exercised on IPO	(152,355)	1.03
Balance of share options outstanding at IPO	**Nil**	
Share options on 1p ord shs granted at IPO on 18/3/16	4,861,859	0.78
Share options on 1p ord shs granted on 9/8/16	567,947	2.236
Share options on 1p ord shs granted on 5/10/16	25,352	3.085
Share options on 1p ord shs granted on 27/10/16	24,430	3.07
Total granted in the period	5,479,588	
Share options forfeited in the period	(42,735)	0.78
Share options outstanding at 31 October 2016	**5,436,853**	

A share split of 100 1p shares for every £1 ordinary share was implemented immediately before the IPO on 18th March 2016.

Of the 5,436,853 share options outstanding at 31 October 2016, none had vested and were exercisable.

Fair Value

The fair value of share options issued in the year has been measured using the Black-Scholes model. In the absence of historic volatility data, expected volatility has been estimated using the volatility of comparable companies.

Grant Date	18/3/2016	9/8/2016	5/10/2016	27/10/2016
Share price at date of grant (£)	0.78	2.27	3.085	3.07
Exercise price (£)	0.78	2.27-2.215	3.085	3.07
Weighted average exercise price	0.78	2.236	3.085	3.07
Shares under option	4,861,859	567,948	25,352	24,430
Risk-free rate	0.85%	0.14%	0.29%	0.65%
Time to expiration (years)	5	5	5	5
Expected volatility	30%	30%	30%	30%
Dividend yield	0%	0%	0%	0%
Fair value per option (£)	0.22	0.60-0.62	0.83	0.84

17. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserves	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.
Merger reserve	Amounts arising on share for share exchange.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

18. Leases

Operating leases - lessee

The Group maintains a number of short-leased properties.

The total future value of minimum lease payments is due as follows:

	2016 £'000	**2015 £'000**
Not later than one year	**209**	21
Later than one year and not later than five years	**117**	-
	326	21

19. Related party transactions

The key management compensation is disclosed in note 7.

There were no other related party transactions.

20. Post balance sheet event

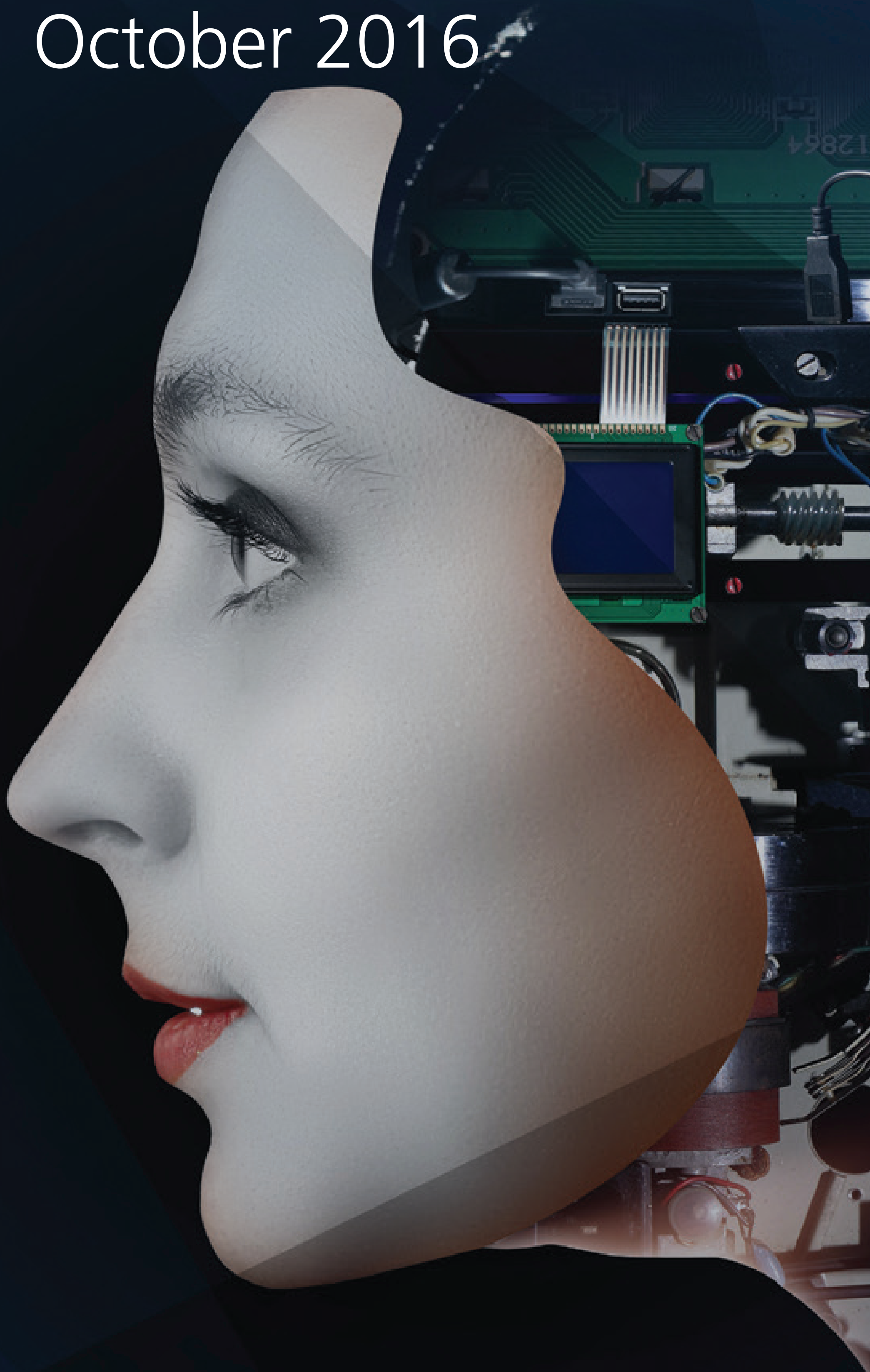
Throughout the periods presented, the functional currency of Blue Prism Software Inc, a wholly owned subsidiary within the Blue Prism Group, has been determined to be GBP. This is on the basis of the significant Sterling denominated expenses it incurs and the historically low sales achieved in this development stage subsidiary. During the year, sales volumes have increased and expenses have become increasingly US Dollar denominated. In consequence, with effective 1 November 2016, the Board has made the decision to change the functional currency to US Dollars.

21. Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2016 £'000	2015 £'000
Cash at bank available on demand	**2,772**	2,351
Short-term deposits	**9,016**	-
	11,788	2,351

Company Financial Statements for the year ended 31 October 2016



Company statement of financial position as at 31 October 2016

	Note	2016 £'000
Non-current assets		
Property, plant and equipment		**4**
Investment in subsidiary	4	**287**
Total non-current assets		**291**
Current assets		
Prepayments		**15**
Cash and cash equivalents		**9,267**
Total current assets		**9,282**
Total assets		**9,573**
Current liabilities		
Trade and other payables falling due within one year	5	**987**
Total current liabilities		**987**
Net current assets		**8,295**
Net assets		**8,586**
Equity attributable to shareholders		
Called up share capital		**1,674**
Share premium		**9,194**
Merger reserve		**(1,393)**
Share based payment reserve		**287**
Retained losses		**(1,176)**
		8,586

The financial statements of Blue Prism Group plc were approved and authorised for issue by the Board of Directors on 23 January 2017 and were signed on its behalf by:

G Johnson
Director

The notes on pages 60 to 63 form part of these financial statements.

Company statement of cash flows for the period ended 31 October 2016

	2016 £'000
Cash flows from operating activities	
Loss for the year	**(1,251)**
Adjustments for:	
Finance income	**(16)**
Share-based payment expense	**75**
	(1,192)
Increase in trade and other receivables	**(15)**
Increase in trade and other payables	**987**
Cash generated from operations	**(220)**
Income taxes paid	**-**
Net cash flows from operating activities	**(220)**
Investing activities	
Purchases of property, plant and equipment	**(4)**
Interest received	**16**
Net cash flow from investing activities	**12**
Financing activities	
Issue of ordinary shares net of issue costs	**9,475**
Net cash from financing activities	**9,475**
Net increase in cash and cash equivalents	**9,267**
Cash and cash equivalents at beginning of year	**-**
Cash and cash equivalents at end of year	**9,267**

The notes on pages 60 to 63 form part of these financial statements.

Company statement of changes in equity for the year ended 31 October 2016

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Accum-ulated losses £'000	Total £'000
Incorporation at 2 September 2015	-	-	-	-	-	-
Loss and total comprehensive income for the period to 31 October 2016	-	-	-	-	(1,251)	(1,251)
Group restructure	-	-	-	(1,393)	-	(1,393)
Nominal value of shares issued on acquisition of Blue Prism Limited	1,393	-	-	-	-	1,393
Exercise of Options	153	5	-	-	-	158
Issue of shares at IPO	128	9,872	-	-	-	10,000
Cost of issue of shares	-	(683)	-	-	-	(683)
Share based payment	-	-	287	-	75	362
Equity as at 31 October 2016	**1,674**	**9,194**	**287**	**(1,393)**	**(1,176)**	**8,586**

The notes on pages 60 to 63 form part of these financial statements.

Notes forming part of the Company Financial Statements at 31 October 2016

1. Accounting policies

The Company has applied the Group accounting polices consistently during the period.

Basis of preparation

The financial statements are for the period ended 31 October 2016. The financial statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') and their interpretations which have been issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union. They have also been prepared with those parts of the 2006 Companies Act applicable to companies reporting under IFRS.

The accounting policies set out in Note 1 of the consolidated financial statements have been applied in the preparation of these financial statements.

Investments

The initial investment arising on the share for share exchange is recognised at £nil in accordance with IAS 27.13 as Blue Prism Limited had net liabilities at the date of acquisition. Subsequent investments in subsidiary undertakings are stated at cost less any adjustments for impairment.

2. Loss for the year

As permitted by section 408 of the Companies Act 2006, the parent company has elected not to present its own profit and loss account for the year. The parent company reported a loss for the period from incorporation of 2 September 2015 to 31 October 2016 of £1.25m.

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

3. Financial instruments - Risk Management

The use of financial instruments and capital is managed by the board to reduce the financial risks being faced, which primarily relate to credit and liquidity.

Credit risk

Financial instruments which potentially expose Blue Prism to credit risk consist primarily of cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Cash equivalents are deposited only with independent major financial institutions with minimum rating credit of "A".

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations, including balances due to wholly owned subsidiaries, as they fall due.

3. Financial instruments - Risk Management (continued)

Financial instruments by category

Financial Assets	2016 £'000
Cash and cash equivalents	9,267
Total Financial Assets	**9,267**

Financial Liabilities	2016 £'000
Trade and other payables	184
Total Financial Liabilities	**184**

Capital risk management

The company manages its capital to ensure that it will be able to continue on a going concern basis while maximising its long term return to shareholders. The company is not exposed to any externally imposed capital requirements and has no borrowings.

4. Investment in subsidiary

	£'000
Cost	-
Share based payments during period for employees of subsidiaries	287
At 31 October 2016	**287**

Details of the Group's subsidiaries at 31 October 2016 are included in note 11 of the consolidated financial statements.

5. Trade and other payables

	£'000
Amounts owed to Group undertakings	**803**
Trade creditors and accruals	**154**
Other creditors	**30**
	987

Amounts payable to Group undertakings are repayable on demand and unsecured.

6. Related party transactions

Blue Prism Group plc has a related party relationship with its subsidiaries and with its directors and members of key management. There are no transactions with related parties who are not members of the Blue Prism Group. The remuneration paid to members of key management is disclosed within note 7 of the consolidated financial statements and remuneration of individual directors is disclosed within the Directors Report.

The following balances are due to wholly owned subsidiaries at the period end:

Amounts owed to Group undertakings	**£'000**
Blue Prism Limited	**801**
Blue Prism Software Inc	**2**
	803

All related party transactions between the company and wholly owned subsidiaries have arisen as a result of subsidiaries meeting the costs of the IPO and reorganisation process.

Five Year Record

	2016	2015	2014	2013	2012
	IFRSs £'000	**IFRSs £'000**	**IFRSs £'000**	**UK GAAP £'000**	**UK GAAP £'000**
Revenue	**9,644**	6,062	4,488	2,949	2,532
(Loss)/profit from operations	**(5,274)**	(753)	(233)	(258)	155
(Loss)/profit before tax	**(5,249)**	(743)	(225)	(251)	164
(Loss)/profit after tax	**(5,318)**	(796)	(122)	(247)	162

Company information

Directors

1) Jason Kingdon (Chairman)
2) Alastair Bathgate (CEO & Founder)
3) Gary Johnson (CFO)
4) Ken Lever (Non-Executive Director)
5) Chris Batterham (Non-Executive Director)
6) Charmaine Eggberry (Non-Executive Director)
7) Olswang Directors 2 Limited (Resigned 17 February 2016)
8) Olswang Directors 1 Limited (Resigned 17 February 2016)
9) Christopher Mackie (Resigned 17 February 2016)

Company Secretary

John Warrick

Registered office

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Company number

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Nominated advisor and broker

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Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

1) Appointed 17 February 2016
2) Appointed 17 February 2016
3) Appointed 17 February 2016
4) Appointed 22 February 2016
5) Appointed 22 February 2016
6) Appointed 22 February 2016
7) Appointed 2 September 2015 and resigned 17 February 2016
8) Appointed 2 September 2015 and resigned 17 February 2016
9) Appointed 2 September 2015 and resigned 17 February 2016

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