PARAMETRIC TECHNOLOGY (UK) LIMITED
(Registered Number: 2513030)

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1993

PARAMETRIC TECHNOLOGY (UK) LIMITED

DIRECTORS' REPORT

The directors of the company present their annual report and the audited accounts for the year ended 30 September 1993.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year was providing training, consultancy and suppon to customers of its parent undertaking who have operational units in the British Isles.

The activity level has continued to rise and further growth is being experienced.

RESULTS AND DIVIDENDS

The profit for the year is £130,431 (1992: £59,918). The directors do not recommend the payment of a dividend and the resulting profit has therefore been transferred to reserves.

FIXED ASSETS

Details of movements in tangible fixed assets are given in note 8 to the accounts.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who have served during the year are as follows:

SC Walske
MJ Gallagher
JD McMahon

No director had any beneficial interest in the share capital of the company. The interests of the directors in the share capital of the ultimate parent undertaking are shown in that company's financial statements.

PARAMETRIC TECHNOLOGY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolutio proposing their reappointment will be submitted to the annual general meeting.

By Order of the Board

MJ Gallagher
Secretary

5 January 1994

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Price Waterhouse

AUDITORS' REPORT TO THE MEMBERS OF PARAMETRIC TECHNOLOGY (UK) LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 1993 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

5 January 1994

PARAMETRIC TECHNOLOGY (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1993

	1993 £	1992 £
TURNOVER (Note 2)	2,733,752	1,335,104
Administrative expenses	(2,520,874)	(1,226,594)
OPERATING PROFIT	212,878	108,510
Interest receivable (Note 3)	6,199	5,023
Interest payable (Note 4)	(435)	(436)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 5)	218,642	113,097
Tax on profit on ordinary activities (Note 7)	(88,211)	(53,179)
PROFIT FOR THE FINANCIAL YEAR	130,431	59,918
Retained profit brought forward	83,365	23,447
RETAINED PROFIT CARRIED FORWARD	213,796	83,365

There were no recognised gains or losses other than the profit for the year

PARAMETRIC TECHNOLOGY (UK) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1993

	1993		1992	
	£	£	£	£
FIXED ASSETS				
Tangible assets (Note 8)		337,542		152,740
CURRENT ASSETS				
Debtors (Note 9)	298,970		94,830	
Cash at bank and in hand	84,607		213,110	
	383,577		307,940	
CREDITORS - amounts falling due within one year (Note 10)	(485,774)		(333,420)	
NET CURRENT LIABILITIES		(102,197)		(25,480)
TOTAL ASSETS LESS CURRENT LIABILITIES		235,345		127,260
CREDITORS - amounts falling due after more than one year (Note 11)		-		(33,895)
Deferred Taxation (Note 12)		(11,549)		
NET ASSETS		223,796		93,365
CAPITAL AND RESERVES				
Called up share capital (Note 13)		10,000		10,000
Profit and loss account		213,796		83,365
		223,796		93,365

Approved by the Board of Directors on 5 January 1994

MJ Gallagher

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993

1 ACCOUNTING POLICIES

(1) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of services during the year.

(3) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost. Depreciation is calculated to write off the cost of fixed assets over their expected useful lives by the straight line method at the following rates per annum:

Leasehold improvements	Over the lease term
Office equipment	33%
Computer hardware	33%
Computer software	33%

(4) Operating Leases

Rentals in respect of operating leases are charged to the profit and loss account as incurred.

(5) Deferred Taxation

Deferred taxation liabilities are provided using the liability method in respect of timing differences only where it is expected that the liability will become payable within the foreseeable future.

(6) Foreign currencies

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

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

1 ACCOUNTING POLICIES (Continued)

(7) Pension Costs

The company operates defined contribution schemes. The assets of the schemes are held separately from the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

(8) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

2 TURNOVER

The analysis of turnover is as follows:

	1993 £	1992 £
Service fee income from parent undertaking	2,376,582	1,233,328
Training and consulting revenue	357,170	101,776
	2,733,752	1,335,104

All training and consulting revenue was derived from customers in the United Kingdom.

3 INTEREST RECEIVABLE

	1993 £	1992 £
Bank interest	6,199	5,023

4 INTEREST PAYABLE

	1993 £	1992 £
On bank overdraft repayable within 5 years	425	436

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following:

	1993 £	1992 £
Directors' remuneration	NIL	NIL
Auditors' remuneration	3,500	1,750
Depreciation of tangible assets	93,467	32,707
Operating lease rentals :		
Land and Buildings	120,472	97,032
Vehicles	100,400	46,861
Other equipment	52,892	11,500

6 STAFF NUMBER AND COSTS

	1993 No	1992 No
The average number of employees of the company (excluding directors) during the period was:	33	13

The aggregate payroll costs were as follows:

	1993 £	1992 £
Wages and salaries	1,103,126	533,020
Social security costs	111,175	54,116
Other pension costs	40,414	17,088
Other costs	10,854	9,651
	1,265,569	613,875

7 TAXATION

The taxation charge, based on the profit for the year, comprises:

	1993 £	1992 £
UK corporation tax at 33%	76,662	49,700
Deferred tax charge	11,549	-
Prior year adjustment - UK corporation tax	-	3,479
	88,211	53,179

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

8 TANGIBLE FIXED ASSETS

	Leasehold improvements	Office equipment	Computer hardware	Computer software	Total
	£	£	£	£	£
Cost					
At 1 October 1992	39,737	42,875	112,180	4,928	199,720
Additions	95,264	60,226	147,368	6,026	308,884
Disposals	(41,808)	-	(1,995)	-	(43,803)
At 30 September 1993	93,193	103,101	257,553	10,954	464,801
Depreciation					
At 1 October 1992	4,219	5,028	37,318	415	46,980
Charge for year	16,043	15,160	60,092	2,172	93,467
Disposals	(12,010)	-	(1,178)	-	(13,188)
At 30 September 1993	8,252	20,188	96,232	2,587	127,259
Net Book Amount					
At 30 September 1993	84,941	82,913	161,321	8,367	337,542
At 30 September 1992	35,518	37,847	74,862	4,513	152,740

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

9 DEBTORS

	1993	1992
	£	£
Trade debtors	66,333	32,826
Amounts owed by parent undertaking	61,556	-
Other debtors	66,282	43,466
Prepayments and accrued income	17,752	5,678
Deposits	87,047	12,860
	298,970	94,830

10 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993	1992
	£	£
Trade creditors	277,534	[illegible]
Amounts owed to parent undertaking	-	67,403
Corporation tax	99,962	57,929
Other taxes and social security	35,792	18,988
Other creditors	-	24,369
Accruals and deferred income	72,486	63,123
	485,774	333,420

11 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1993	1992
	£	£
Accruals and deferred income	-	3[illegible],395

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

12 DEFERRED TAXATION

Deferred taxation provided for in the accounts and the potential amounts, for which provision has not been made, are as follows:

	Provided		Unprovided	
	1993	1992	1993	1992
	£	£	£	£
Capital allowances in advance of depreciation	16,482	-	-	4,500
Other	(4,933)	-	-	-
	11,549	-	-	4,500

13 CALLED UP SHARE CAPITAL

	1993	1992
	£	£
Authorised: 100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, issued and fully paid: 10,000 Ordinary shares of £1 each	10,000	10,000

14 LEASING COMMITMENTS

Payment under non-cancellable operating leases which are committed to be paid in the next financial year are as follows:

	1993			1992		
	Land & Buildings	Other	Total	Land & Buildings	Other	Total
	£	£	£	£	£	£
Commitments expiring						
Within one year	-	42,251	42,251	-	-	-
Within 2 to 5 years	174,399	96,908	271,307	67,975	54,775	122,750
Total	174,399	139,159	313,558	67,975	54,775	122,750

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1993	1992
	£	£
Profit for the financial year	130,431	59,918
Opening Shareholders' funds	93,365	33,447
Closing Shareholders' funds	223,796	93,365

16 ULTIMATE HOLDING COMPANY

The ultimate holding company is Parametric Technology Corporation, which is incorporated in the United States of America. Consolidated accounts for Parametric Technology Corporation can be obtained from 128 Technology Drive, Waltham, Massachusetts 02154.