

Registered no: 2513030

Parametric Technology (UK) Limited
Annual report
for the year ended 30 September 1997



Parametric Technology (UK) Limited

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Directors' report for the year ended 30 September 1997

The directors present their report and the audited financial statements for the year ended 30 September 1997.

Principal activities

The company's principal activities during the year were the sale of computer aided design and manufacturing software and the provision of training, consultancy and support to its customers and those customers of its parent undertakings who have operational units in the British Isles.

Review of business and future developments

The profit and loss account for the year is set out on page 4.

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

On the 12 January 1998, Parametric Technology Corporation acquired Computervision Corporation, the company's ultimate holding company.

Results and dividends

The loss for the year is £351,540 (1996: profit £518,649). The directors do not recommend the payment of a dividend (1996: £Nil).

Directors

The directors of the company at 30 September 1997, all of whom have served throughout the year, unless otherwise stated, are as follows:

M L Durcan	(USA)	
J F Kelliher	(USA)	
C R Harrison	(USA)	
J W Lauck	(USA)	(resigned 1 July 1997)

M L Durcan resigned as Company Secretary on 16 March 1997.

C C Dunn was appointed Company Secretary on 17 March 1997.

Directors' interests

According to the register required to be kept under Section 325 of the Companies Act 1985, no director had any notifiable interest in the shares of the company, or any other group company, during the year ended 30 September 1997.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records and 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, Coopers & Lybrand, have indicated their willingness to continue in office and a resolution proposing their reappointment will be submitted at the annual general meeting.

On behalf of the board



M L Durcan
Director

25 JUN 1998

Report of the auditors to the members of Parametric Technology (UK) Limited

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

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

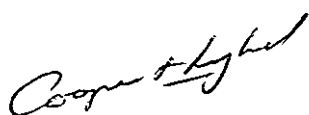
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Reading

2nd July 1998

**Profit and loss account
for the year ended 30 September 1997**

	Notes	1997 £	1996 £
Turnover	2	23,729,719	17,673,842
Cost of sales		(10,834,184)	(7,707,010)
Gross Profit		12,895,535	9,966,832
Administrative expenses		(14,000,398)	(9,947,771)
Other operating income		970,063	945,543
Operating (loss)/profit		(134,800)	964,604
Interest receivable	3	114,119	111,397
Interest payable	4	(237,016)	(205,219)
(Loss)/profit on ordinary activities before taxation	7	(257,697)	870,782
Tax on profit on ordinary activities	8	(93,843)	(352,133)
(Loss)/profit for the financial year	17	(351,540)	518,649
Retained profit brought forward		1,476,503	957,854
Retained profit carried forward		1,124,963	1,476,503

All operations are from continuing activities.

The Company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

**Balance sheet
at 30 September 1997**

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	9	1,252,541	717,743
Current assets			
Debtors	10	7,871,566	5,328,705
Cash at bank and in hand		4,625,360	4,017,510
		<u>12,496,926</u>	<u>9,346,215</u>
Creditors: amounts falling due within one year	11	9,036,799	(4,998,642)
Net current assets		<u>3,460,127</u>	<u>4,347,573</u>
Total assets less current liabilities		<u>4,712,668</u>	<u>5,065,316</u>
Creditors: amounts falling due after more than one year	12	(3,577,705)	(3,577,705)
Provisions for liabilities and charges	13	-	(1,108)
Net assets		<u>1,134,963</u>	<u>1,486,503</u>
Capital and reserves			
Called up share capital	16	10,000	10,000
Profit and loss account		1,124,963	1,476,503
Equity shareholders' funds	17	<u>1,134,963</u>	<u>1,486,503</u>

The financial statements on pages 4 to 13 were approved by the board of directors on **25 JUN 1998** and were signed on its behalf by:

Martha L. Durcan

M L Durcan
Director

**Notes to the financial statements
for the year ended 30 September 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention.

Cash flow

The company is a wholly owned member of the Parametric Technology Corporation group. Consequently the company is exempt under Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

Turnover

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

Other operating income

Other operating income represents charges for the provision of training and other services to group companies, excluding value added tax.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. 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%

Operating leases

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

Deferred taxation

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

Foreign currencies

Monetary assets and liabilities 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.

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.

Related party transactions

The company is a wholly owned member of the Parametric Technology Corporation group, and under the terms of Financial Reporting Standard No 8 "Related Party Transactions", has taken advantage of the exemption not to disclose transactions with other members of the group.

2 Turnover

	1997	1996
	£	£
Licence revenue	16,954,619	12,488,287
Maintenance revenue	4,297,747	2,925,733
Training and consulting revenue	2,477,353	2,259,822
	<u>23,729,719</u>	<u>17,673,842</u>

Turnover consists entirely of sales made in the United Kingdom.

3 Interest receivable

	1997	1996
	£	£
Bank interest	<u>114,119</u>	<u>111,397</u>

4 Interest payable

	1997 £	1996 £
Interest payable to parent undertaking	<u>237,016</u>	<u>205,219</u>

5 Staff numbers and costs

The average monthly number of employees of the company (excluding directors) during the period was:

	1997 Number	1996 Number
Sales	106	82
General administration	14	10
Support services	29	19
Technical development	12	11
	<u>161</u>	<u>122</u>

The aggregate payroll costs were as follows:

	1997 £	1996 £
Wages and salaries	6,944,821	4,968,384
Social security costs	715,294	493,560
Other pension costs	222,886	141,457
	<u>7,883,001</u>	<u>5,603,401</u>

6 Directors' emoluments

	1997 £	1996 £
Aggregate emoluments	63,635	147,851
Defined contribution pension costs	1,195	716
	<u>64,830</u>	<u>148,567</u>

There was one director entitled to retirement benefits under a defined contribution pension scheme (1996: one).

Emoluments (excluding pension contributions) include amounts paid to:

	1997 £	1996 £
The highest paid director	<u>63,635</u>	<u>102,953</u>

7 Profit on ordinary activities before taxation

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging the following:		
Auditors' remuneration:		
Audit fees	21,500	14,000
Non-audit fees	11,450	32,377
Depreciation of tangible assets	475,603	394,225
Operating lease rentals:		
Other	1,356,000	892,102
Plant and machinery	<u>233,357</u>	<u>162,256</u>

8 Taxation

	1997 £	1996 £
United Kingdom corporation tax at 32% (1996: 33%)	80,185	345,700
Deferred tax charge	(1,108)	-
Prior year adjustment	<u>14,766</u>	<u>6,433</u>
	<u>93,843</u>	<u>352,133</u>

9 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 October 1996	197,121	1,441,645	1,638,766
Additions	318,024	760,079	1,078,103
Disposals	(84,081)	(643,089)	(727,170)
	<u>431,064</u>	<u>1,558,635</u>	<u>1,989,699</u>
At 30 September 1997			
Depreciation			
At 1 October 1996	69,765	851,258	921,023
Charge for year	83,891	391,712	475,603
Disposals	(52,332)	(607,136)	(659,468)
	<u>101,324</u>	<u>635,834</u>	<u>737,158</u>
At 30 September 1997			
Net book amount			
At 30 September 1997	<u>329,740</u>	<u>922,801</u>	<u>1,252,541</u>
At 30 September 1996	<u>127,356</u>	<u>590,387</u>	<u>717,743</u>

10 Debtors

	1997 £	1996 £
Trade debtors	5,339,773	3,371,084
Amounts owed by group undertakings	1,679,759	1,358,572
Other debtors	107,030	191,113
Prepayments and accrued income	745,004	407,936
	<u>7,871,566</u>	<u>5,328,705</u>

Included in other debtors is £106,550 (1996: £172,389) in respect of property rental deposits repayable after more than one year.

11 Creditors - amounts falling due within one year

	1997 £	1996 £
Trade creditors	696,169	367,847
Amounts due to group undertakings	3,258,281	1,215,729
Corporation tax	94,410	345,700
Other taxes and social security	845,770	804,165
Accruals and deferred income	4,142,169	2,265,201
	<u>9,036,799</u>	<u>4,998,642</u>

12 Creditors - amounts falling due after more than one year

	1997 £	1996 £
Amounts due to group undertakings	<u>3,577,705</u>	<u>3,577,705</u>

Of amounts due to group undertakings £2,216,193 bears interest at 6.50% per annum and £1,361,512 bears interest at 6.25% per annum with no fixed repayment date.

13 Deferred taxation

The deferred taxation (asset)/liability is as follows:

	Unprovided		Provided	
	1997 £	1996 £	1997 £	1996 £
Capital allowances in excess of depreciation	<u>(384,232)</u>	<u>(301,613)</u>	<u>-</u>	<u>1,108</u>

14 Leasing commitments

Annual commitments under non-cancellable operating leases are as follows:

	1997			1996		
	Land & Buildings	Other	Total	Land & Buildings	Other	Total
	£	£	£	£	£	£
Commitments expiring:						
Within one year	94,581	176,994	271,575	-	8,978	8,978
Within 2 to 5 years	678,982	544,208	1,223,190	50,774	508,015	558,789
After more than 5 years	-	-	-	355,888	-	355,888
Total	<u>773,563</u>	<u>721,202</u>	<u>1,494,765</u>	<u>406,662</u>	<u>516,993</u>	<u>923,655</u>

15 Capital Commitments

At 30 September 1997, there was no capital expenditure contracted for but not provided for in the financial statements.

16 Called up share capital

	1997 £	1996 £
Authorised:		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

17 Reconciliation of movement in shareholders' funds

	1997 £	1996 £
(Loss)/profit for the financial year	(331,719)	518,649
Opening shareholders' funds	<u>1,486,503</u>	<u>967,854</u>
Closing shareholders' funds	<u>1,154,784</u>	<u>1,486,503</u>

18 Employees' stock option plan

The employees of Parametric Technology (UK) Limited may enjoy the benefits of the 1987 Incentive Stock Option Plan which gives certain employees the option to purchase shares in Parametric Technology Corporation. Details of the plan can be found in the financial statements of that company.

19 Post Balance Sheet Events

On 12 January 1998, Parametric Technology Inc. the company's ultimate holding company acquired Computervision Corporation.

20 Parent undertakings and ultimate controlling party

The parent undertaking of the smallest group of undertakings for which group financial statements are prepared and of which Parametric Technology (UK) Limited is a member is Parametric Holdings Inc, a company incorporated in the United States of America.

The ultimate parent undertaking and the parent of the largest group for which group financial statements are prepared and of which Parametric Technology (UK) Limited is a member is Parametric Technology Corporation, a company incorporated in the United States of America.

Copies of the group financial statements can be obtained from:

Parametric Technology (UK) Limited
Technology House
1 Fleetwood Park
Barley Way
Fleet
Hants
GU13 8UT

The directors regard Parametric Technology Corporation as the ultimate controlling party.