

Registered no: 2513030

Parametric Technology (UK) Limited
Annual Report
for the year ended 30 September 1999



Parametric Technology (UK) Limited

Annual report for the year ended 30 September 1999

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Directors' report for the year ended 30 September 1999

The directors present their report and the audited financial statements for the year ended 30 September 1999.

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.

On 1 October 1998, the trade, assets and liabilities of ICEM Systems (UK) Limited were transferred to the company at nil consideration.

On 2 March 1999, the company purchased the entire share capital of Division Group Limited (formerly Division plc) for £29,043,000.

On 5 July 1999 the trade, assets and liabilities (apart from an investment in PixelFusion Group plc and intellectual property rights) of Division Limited were transferred to the company for £1,427,000.

On 16 September 1999 the entire share capital of Division Group Limited was transferred to Parametric Technology Corporation for £29,685,000.

On 21 September 1999, the entire share capital of the company was acquired by Parametric Technology Holdings (UK) Limited (formerly Mixtone Limited). Parametric Technology Corporation remains the company's ultimate parent company.

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

Results and dividends

The profit for the group for the year is £1,267,000 (1998: £2,084,000). The directors do not recommend the payment of a dividend (1998: £Nil).

Directors

The directors of the company at 30 September 1999, all of whom have served throughout the year, unless otherwise stated, are as follows:

M L Durcan	(USA)	(resigned 1 October 1998)
J F Kelliher	(USA)	
C R Harrison	(USA)	(resigned 1 October 1998)
G R Crouch	(UK)	(resigned 4 February 2000)
D R Freidman	(USA)	(appointed 1 October 1998)

Company Secretary C C Dunn.

R D Seifert was appointed as director on 4 February 2000.

Parametric Technology (UK) Limited

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 1999.

Euro

The majority of sales are made in the UK and invoiced in Sterling and hence the effect on the group of the introduction of the Euro by some European countries, has been negligible.

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 and the group as at the end of the financial year and of the profit or loss of the group 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 1999. 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, for safeguarding the assets of the company and group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers, 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



D R Friedman
Director

**Auditors' report to the members of
Parametric Technology (UK) Limited**

We have audited the financial statements on pages 4 to 23.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

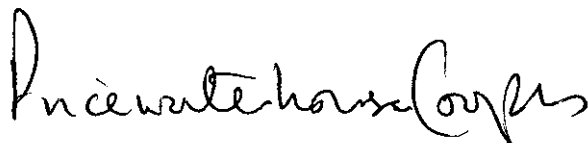
Basis of opinion

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 affairs of the company and group as at 30 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

29 October 2001

Consolidated profit and loss account for the year ended 30 September 1999

	Notes	1999 £'000	1998 £'000
Turnover			
Continuing operations		42,688	33,958
Acquisitions		2,284	-
Operations acquired and discontinued in the year		3,681	-
	2	48,653	33,958
Cost of sales	3	(16,315)	(8,454)
Gross profit	3	32,338	25,504
Exceptional items: Release of vacant property provision		5,573	-
Release of pension provision		1,754	-
Amounts written back on investments		516	-
Other administrative expenses	3	(39,442)	(24,427)
Total administrative expenses		(31,599)	(24,427)
Other operating income	3	4,713	961
Operating profit			
Continuing operations		7,414	2,038
Acquisitions		(1,168)	-
Operations acquired and discontinued in the year	3	(794)	-
		5,452	2,038
Loss on disposal of subsidiary	10	(3,287)	-
Interest receivable	4	184	240
Interest payable	5	(1,131)	(287)
Profit on ordinary activities before taxation	8	1,218	1,991
Taxation	9	49	93
Retained profit for the financial year		1,267	2,084

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.

Parametric Technology (UK) Limited

Group Balance sheet at 30 September 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	1,917	1,323
		1,917	1,323
Current assets			
Debtors – due after more than one year	13	3,665	-
Debtors – due within one year	13	22,769	13,748
Debtors	13	26,434	13,748
Stock	14	-	24
Cash at bank and in hand		10,070	7,934
		36,504	21,706
Creditors: amounts falling due within one year	15	(24,574)	(18,517)
Net current assets		11,930	3,189
Total assets less current liabilities		13,847	4,512
Creditors: amounts falling due after more than one year	16	(22,130)	(4,553)
Provisions for liabilities and charges	17	(2,238)	(11,747)
Net liabilities		(10,521)	(11,788)
Capital and reserves			
Called up share capital	21	12	12
Share premium account	20	2,220	2,220
Profit and loss account	20	(12,753)	(14,020)
Equity shareholders' deficit	22	(10,521)	(11,788)

The financial statements on pages 4 to 23 were approved by the board of directors on 24 October 2001 and were signed on its behalf by:



D R Friedman
Director

Parametric Technology (UK) Limited

Company balance sheet at 30 September 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Intangible assets	10	4,756	-
Tangible assets	11	1,917	1,209
Investments	12	-	-
		6,673	1,209
Current assets			
Debtors – due after more than one year	13	3,665	-
Debtors – due within one year	13	22,769	13,570
Debtors	13	26,434	13,570
Cash at bank and in hand		10,070	7,565
		36,504	21,135
Creditors: amounts falling due within one year	15	(24,574)	(17,841)
Net current assets		11,930	3,294
Total assets less current liabilities		18,603	4,503
Creditors: amounts falling due after more than one year	16	(22,130)	(4,535)
Provision for liabilities and charges	17	(2,238)	(11,747)
Net liabilities		(5,765)	(11,779)
Capital and reserves			
Called up share capital	21	12	12
Share premium	20	2,220	2,220
Profit and loss account	20	(7,997)	(14,011)
Equity shareholders' deficit		(5,765)	(11,779)



Notes to the financial statements for the year ended 30 September 1999

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.

Basis of consolidation

The group financial statements comprise the results of the company and its subsidiaries from the date of acquisition to 30 September 1999.

The company has taken advantage of the exemption provided by section 230 of the Companies Act 1985 from presenting its own profit and loss account. The company's profit for the year was £6,014,000 (1998: loss £127,000).

Goodwill

Goodwill represents the difference between the fair value of assets acquired and the fair value of consideration paid. In prior years, goodwill has been taken to reserves.

In accordance with Financial Reporting 10 – “Goodwill and Intangible Assets”, goodwill is now capitalised and amortised over the period in which benefit is to be gained from the acquisition. No prior year adjustment regarding goodwill written off to reserves in prior years, has been made.

Cash flow

The company is included within the consolidated financial statements of Parametric Technology Corporation, which are publicly available. Consequently the company is exempt under Financial Reporting Standard 1 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
Plant and machinery	33%
Motor vehicles	25%

Leased assets

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

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown in creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period.

Leased assets capitalised as above, are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

Investments

Fixed asset investments are shown at cost or fair value less amounts written off. Provisions are made for permanent diminutions in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes freight and duty charges incurred in bringing the stocks to their present location.

Deferred income

The group undertakes to maintain customers' equipment under maintenance contracts on which the company invoices quarterly in advance. The income is recognised on a straight line basis over the life of the contract; maintenance costs are expensed 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.

Assets, liabilities and results of subsidiaries in foreign currencies are translated into sterling at the exchange rates ruling at the end of the year. Differences on exchange resulting from the retranslation of the opening net investment in subsidiary companies are taken to reserves, net of exchange differences on related foreign currency borrowings, and are reported in the statement of total recognised gains and losses.

Pension costs

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

Previous employees of Computervision Limited, transferred to Parametric Technology (UK) Limited on 6 April 1998, were members of the Computervision deferred benefit scheme. The assets and liabilities of that scheme were frozen as at 30 September 1998 when all members were given the option of joining the Parametric Technology (UK) Limited defined contribution scheme. Note 23 details the operation of the Computervision Limited pension scheme.

Related party transactions

The company is a wholly owned member of the Parametric Technology Corporation group, and under the terms of Financial Reporting Standard 8 "Related Party Transactions", has taken advantage of the exemption not to disclose transactions with other members of the group.

2 Turnover and profit before taxation

	1999	1999	1999	1999	1998
	Continuing	Acquisitions	Acquired &	Total	Total
Turnover by destination	£'000	£'000	discontinued	£'000	£'000
			£'000		
United Kingdom	42,688	2,284	324	45,296	33,958
Rest of Europe	-	-	358	358	-
North America	-	-	2,999	2,999	-
Rest of the World	-	-	-	-	-
	42,688	2,284	3,681	48,653	33,958
Turnover by type					
Licence and maintenance revenue	32,213	2,284	1,288	35,785	27,913
Training and consulting revenue	10,475	-	-	10,475	6,045
Royalty income	-	-	2,393	2,393	-
	42,688	2,284	3,681	48,653	33,958

There are no costs associated with the royalty income. The profit before tax by business type has not been shown on the basis that disclosure would be prejudicial to the interests of the group.

3 Cost of sales, gross profit, administrative expenses and other operating income

	1999 Continuing £'000	1999 Acquisitions £'000	1999 Acquired & discontinued £'000	1999 Total £'000	1998 Total £'000
Turnover	42,688	2,284	3,681	48,653	33,958
Cost of sales	(13,484)	(2,648)	(183)	(16,315)	(8,454)
Gross profit	29,204	(364)	3,498	32,338	25,504
Release of vacant property provision	5,573	-	-	5,573	-
Release of pension provision	1,754	-	-	1,754	-
Amounts written back on investments	-	-	516	516	-
Other administrative expenses	(33,776)	(804)	(4,862)	(39,442)	(24,427)
Total administrative expenses	(26,449)	(804)	(4,346)	(31,599)	(24,427)
Other operating income	4,659	-	54	4,713	961
Operating profit/(loss)	7,414	(1,168)	(794)	5,452	2,038

4 Interest receivable

	1999 £'000	1998 £'000
Bank interest	184	240

5 Interest payable

	1999 £'000	1998 £'000
Interest payable to parent undertaking	213	279
Interest on hire purchase agreements	-	8
Finance charges	916	-
Bank interest	2	-
	1,131	287

6 Staff numbers and costs

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

	1999	1998
	Number	Number
Sales	137	131
General administration	24	24
Support services	72	72
Technical development	12	12
	245	239

The aggregate payroll costs were as follows:

	1999	1998
	£'000	£'000
Wages and salaries	18,605	9,966
Social security costs	1,812	1,002
Other pension costs	229	612
	20,646	11,580

7 Directors' emoluments

	1999	1998
	£'000	£'000
Aggregate emoluments	34	18
Defined contribution pension costs	1	1
	35	19

There was 1 director entitled to retirement benefits under a defined contribution pension scheme (1998: one).

8 Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after charging the following:		
Auditors' remuneration:		
Audit fees (Company: £97,000, 1998: £73,000)	102	80
Non-audit fees	177	75
Depreciation of tangible assets		
- owned	986	680
- financed	2	-
Amortisation of goodwill	3,534	-
Operating lease rentals:		
Other	2,574	2,039
Plant and machinery	1,591	850
Net exchange difference on foreign currency	277	215

9 Taxation

	1999 £'000	1998 £'000
United Kingdom corporation tax at 30% (1998: 30.5%)	(497)	-
Deferred tax charge	-	-
Prior year adjustment	448	(93)
	(49)	(93)

10 Intangible assets

Group	Goodwill £'000
At 1 October 1998	-
Additions	32,198
Disposals	(32,198)
At 30 September 1999	-
Aggregated amortisation	
At 1 October 1998	-
Charge for the year	3,534
Disposals	(3,534)
At 30 September 1999	-
Net book amount	
At 30 September 1999	-
At 30 September 1998	-

The goodwill from these acquisitions is being amortised over a period of 5 years, being the directors' estimate of the period over which economic benefit will be obtained from acquiring the Division Group. However, included within this acquisition is an amount of £13,433,000 which can be specifically allocated to Objectlogic, an acquisition by the Division Group in 1998. This is being written off over 7 years, being the estimated useful economic life of the assets and liabilities purchased.

Division Group Limited

On 2 March 1999, the Company purchased the entire share capital of Division Group Limited (formerly Division Plc) for £29,043,000.

The assets and liabilities acquired were as follows:

	Provisional fair value £'000
Tangible fixed assets	823
Debtors	1,227
Cash at bank and in hand	1,113
Creditors	(6,338)
Stock	20
	(3,155)
Cash consideration	29,043
Goodwill	32,198

There were no subsequent fair value adjustments to the book value in Division Group Limited's own accounts as all accounting policies were consistent with the company and no revaluations were required.

The summarised consolidated profit and loss account of Division Group Limited for the 4 month period from 1 November 1998 to the date of acquisition is as follows:

	£'000
Turnover	867
Operating loss	(3,009)
Loss before taxation and after taxation	(3,518)

The consolidated loss after taxation of Division Group Limited for the year ended 31 October 1998 was £3,842,000. The Division Group Limited's contribution to profit is shown within the 'Operations acquired and discontinued in the year' category in the profit and loss account.

On 16 September 1999, the entire share capital of Division Group Limited was transferred to Parametric Technology Corporation for £29,685,000. The assets and liabilities disposed of by the group were as follows:

	£'000
Fixed assets	527
Debtors	21,401
Cash at bank and in hand	291
Creditors and provisions	(17,911)
	4,308
Unamortised goodwill	28,664
	32,972
Loss on disposal in the group	(3,287)
Cash proceeds received from sale	29,685

Company	Goodwill £'000
At 1 October 1998	-
Acquisition of ICEM Systems (UK) Limited's trade	8
Acquisition of Division Limited's trade	5,000
	5,008
Amortisation of goodwill in the year	(252)
At 30 September 1999	4,756

The goodwill from these acquisitions is being amortised over a period of 5 years, being the directors' estimate of the period over which economic benefit will be obtained.

Acquisition of ICEM Systems (UK) Limited's trade

The company acquired the trade, assets and liabilities of ICEM Systems (UK) Limited on 1 October 1998 for nil consideration.

The assets and liabilities acquired were as follows:

	Provisional fair value £'000
Tangible fixed assets	115
Debtors	178
Stocks	24
Cash at bank and in hand	369
Creditors	(694)
Net liabilities	(8)
Cash consideration	-
Goodwill	8

There were no subsequent fair value adjustments to the book value in ICEM Systems (UK) Limited's own accounts as all accounting policies were consistent with the company and no revaluations were required.

The summarised profit and loss account of ICEM Systems (UK) Limited for the 15-month period to 30 September 1998 is as follows:

	£'000
Turnover	2,905
Operating loss	(251)
Loss before taxation and after taxation	(184)

Acquisition of Division Limited's trade

On 5 July 1999 the Company purchased the trade, assets (apart from an investment in PixelFusion Group plc and the intellectual property rights attached to Division Limited) and liabilities of Division Limited for £1,427,000.

The assets and liabilities acquired were as follows:

	Provisional fair value £'000
Fixed assets	259
Debtors	6,369
Cash at bank and in hand	190
Creditors	(10,391)
	(3,573)
Cash consideration	1,427
Goodwill	5,000

There were no subsequent fair value adjustments to the book value in Division Limited's own accounts as all accounting policies were consistent with the company and no revaluations were required.

The summarised profit and loss account of Division Limited for the 8 month period from 1 November 1998 to 4 July 1999 is as follows:

	£'000
Turnover	836
Operating loss	(2,154)
Loss before taxation and after taxation	(2,068)

The loss after taxation of Division Limited for the year ended 31 October 1998 was £1,287,000.

11 Tangible fixed assets

Group	Leasehold improvements £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 October 1998	561	2,179	-	2,740
Additions	158	1,139	-	1,297
Acquisitions	1	2,555	379	2,935
Disposals	(42)	(2,204)	(251)	(2,497)
At 30 September 1999	678	3,669	128	4,475
Depreciation				
At 1 October 1998	243	1,174	-	1,417
Charge for the year	155	822	11	988
Acquisitions	-	1,797	212	2,009
Disposals	(24)	(1,703)	(129)	(1,856)
At 30 September 1999	374	2,090	94	2,558
Net book amount				
At 30 September 1999	304	1,579	34	1,917
At 30 September 1998	318	1,005	-	1,323

Company	Leasehold improvements £'000	Plant and machinery £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 October 1998	549	2,076	-	2,625
Acquisitions	-	1,491	278	1,769
Additions	158	1,137	-	1,295
Disposals and write-offs	(29)	(1,035)	(150)	(1,214)
At 30 September 1999	678	3,669	128	4,475
Depreciation				
At 1 October 1998	243	1,173	-	1,416
Acquisitions	-	1,252	143	1,395
Charge for year	155	668	-	823
Disposals	(24)	(1,003)	(49)	(1,076)
At 30 September 1999	374	2,090	94	2,558
Net book amount				
At 30 September 1999	304	1,579	34	1,917
At 30 September 1998	306	903	-	1,209

Assets held under hire purchase agreements, capitalised and included in the company and the group's plant and machinery are as follows:

	1999 £'000	1998 £'000
Cost	96	150
Accumulated depreciation	(45)	(55)
Net book value	51	95

12 Shares in group undertakings

Company	£'000
At 1 October 1998	-
Additions during the year	29,043
Disposals	(29,043)
At 30 September 1999	-

All investments are at cost and represent 100% of the ordinary share capital in the following companies:

	Country of incorporation	Business
Computervision Limited	Great Britain	Non-trading
ICEM Systems (UK) Limited	Great Britain	Hardware, software and maintenance

Further details of the acquisition and disposal made are given in note 10.

13 Debtors

	1999	1998
Group	£'000	£'000
Trade debtors	10,074	10,268
Amounts owed by group undertakings	10,350	1,030
ACT recoverable	88	88
Corporation tax recoverable	80	-
Other debtors	345	115
Prepayments and accrued income	5,497	2,247
	26,434	13,748

Included within prepayments and accrued income is an amount of £3,665,000 (1998: £Nil) that relates to property rental deposits falling due after one year.

	1999	1998
Company	£'000	£'000
Trade debtors	10,074	10,178
Amounts owed by group undertakings	10,350	1,030
ACT recoverable	88	-
Corporation tax recoverable	80	-
Other debtors	345	115
Prepayments and accrued income	5,497	2,247
	26,434	13,570

Included within prepayments and accrued income is an amount of £3,665,000 (1998: £Nil) that relates to property rental deposits falling due after one year.

14 Stock

	1999	1998
Group	£'000	£'000
Demonstration equipment	-	24

The company held no stock at the year end (1998: £nil).

15 Creditors: amounts falling due within one year

Group	1999 £'000	1998 £'000
Obligations under hire purchase agreements	35	24
Trade creditors	3,084	3,609
Amounts due to group undertakings	6,045	270
Corporation tax	-	-
Other taxes and social security	1,650	1,288
Accruals and deferred income	13,760	13,326
	24,574	18,517

Company	1999 £'000	1998 £'000
Obligations under finance leases	35	-
Trade creditors	3,084	3,562
Amounts due to group undertakings	6,045	-
Other taxes and social security	1,650	1,244
Accruals and deferred income	13,760	13,035
	24,574	17,841

16 Creditors: amounts falling due after more than one year

Group	1999 £'000	1998 £'000
Obligations under finance leases	16	18
Amounts due to group undertakings	19,154	2,897
Accruals and deferred income	2,960	1,638
	22,130	4,553

Company	1999 £'000	1998 £'000
Obligations under finance leases	16	-
Amounts due to group companies	19,154	2,897
Accruals and deferred income	2,960	1,638
	22,130	4,535

Of amounts due to group undertakings £5,643,000 (1998: £2,216,000) bears interest at 6.85% (1998: 6.50%) per annum. Also in 1998 £681,000 bore interest at 6.25% per annum. There are no fixed repayment dates for these loans.

Obligations under hire purchase agreements are repayable as follows;

	1999 £'000	1998 £'000
Within one year	35	24
1 - 2 years	16	16
2 - 5 years	-	2
	51	42

17 Provisions

Group and company

	Contract costs £'000	Training costs £'000	Surplus leasehold £'000	Pensions £'000	Total £'000
As at 1 October 1998	382	305	9,306	1,754	11,747
Profit and loss account	-	-	(5,573)	(1,754)	(7,327)
Utilised in the year	(209)	(305)	(1,668)	-	(2,182)
As at 30 September 1999	173	-	2,065	-	2,238

The unrecognised deferred taxation asset is as follows:

	1999 £'000	1998 £'000
Capital allowances in excess of depreciation	3,126	2,922
Short term timing difference	87	3,666
Losses	5,059	3,021
	8,272	9,609

18 Leasing commitments

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

	Land & Buildings £'000	1999 Other £'000	Total £'000	Land & Buildings £'000	1998 Other £'000	Total £'000
Commitments expiring:						
Within one year	236	1,351	1,587	201	941	1,142
Within 2 to 5 years	882	1,926	2,808	2,463	2,601	5,064
After more than 5 years	1,627	-	1,627	-	-	-
Total	2,745	3,277	6,022	2,664	3,542	6,206

19 Capital commitments

At 30 September 1999, there was no capital expenditure contracted for but not provided for in the financial statements (1998: Nil).

20 Reserves

Group	Share premium £'000	Profit & Loss £'000	Total £'000
As at 1 October 1998	2,220	(14,020)	(11,800)
Profit for the year	-	1,267	1,267
As at 30 September 1999	2,220	(12,753)	(10,533)

Company	Share premium £'000	Profit & loss £'000	Total £'000
As at 1 October 1998	2,220	(14,011)	(11,791)
Profit for the year	-	6,014	6,014
As at 30 September 1999	2,220	(7,997)	(5,777)

21 Called up share capital

	Group and Company	
	1999 £'000	1998 £'000
Ordinary shares of £1 each		
Authorised:	100	100
Allotted, called up and fully paid:		
As at 1 October	12	10
Allotted on acquisition of Computervision Limited	-	2
As at 30 September	12	12

22 Reconciliation of group shareholders' (deficit)/funds

	1999 £'000	1998 £'000
Profit for the year	1,267	2,084
Nominal value of shares issued for the acquisition of Computervision Limited	-	2
Premium on ordinary shares issued for the acquisition of Computervision Limited	-	2,220
Goodwill eliminated against reserves	-	(17,229)
Net change in shareholders' deficit	1,267	(12,923)
Shareholders' (deficit)/funds at 1 October	(11,788)	1,135
Shareholders' deficit at 30 September	(10,521)	(11,788)

23 Computervision pension scheme

Computervision Limited provided pension arrangements to the majority of full time employees through a defined benefit scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries. The assets of the scheme are held separately from those of the company, being invested with managed pension funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of biennial valuations using the projected unit method. The most recent valuation was on 1 April 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 3% per annum.

The most recent actuarial valuation showed that the actuarial value of the scheme's assets was £17,618,000 and that the actuarial value of those assets represented 108% of the benefits that had accrued to members, after allowing for expected future increase in earnings. The contributions paid to the scheme in the year by the employees were 4% (1998: 4%) of pensionable earnings. The surplus on the scheme should be eliminated as a result of the pension contribution holiday currently undertaken by the company.

The company has accrued pensions costs of £nil (1998: £343,000) in the year, a charge which is calculated on the basis of spreading the pension surplus over the remaining service life of scheme members.

The scheme was frozen at 30 September 1999 when all employees were given the option of joining the Parametric Technology (UK) Limited defined contribution scheme.

24 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.

25 Parent undertakings and ultimate controlling party

The company's immediate parent company is Parametric Holdings (UK) Limited (formerly Mixtone Limited).

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.

26 Going concern status

Parametric Technology Corporation has confirmed its willingness to continue to support the company for the foreseeable future.