

THE MACNEAL-SCHWENDLER COMPANY LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1994

REAY AND KING

Chartered Accountants

London

Company Number: 2033042



THE MACNEAL-SCHWENDLER COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31st December 1994.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was fl4,346.

The directors do not recommend payment of a dividend for the current year.

REVIEW OF THE BUSINESS

The company's principal activity during the year was the provision of marketing and technical support for the holding company's engineering analysis software products.

FUTURE DEVELOPMENTS

During 1994 the Company's holding company acquired PDA Engineering. The Company will acquire the UK subsidiary of PDA Engineering, PDA Engineering International Limited. The Company will then continue to provide marketing and technical support of the holding company's broader range of engineering analysis software.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

L.A. Greco
D.A. Nagy
P.A. Newton
W. Pohl
R.H. Macneal

No director had any interest in the share capital of the company.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the accounts.

AUDITORS

Messrs Reay and King have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be put to the Annual General Meeting.

200 Aldersgate Street
London
EC1A 4JJ

BY ORDER OF THE BOARD

For and on behalf of LEGIBUS SECRETARIES LTD.

E.E. Grackebury
Secretary *Authorised Signatory*

THE MACNEAL-SCHWENDLER COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss of the company for the year then ended. In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them on a consistent basis making judgements and estimates that are reasonable and prudent and to 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 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
THE MACNEAL-SCHWENDLER COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 company's affairs at 31st December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

6th April 1995

London

Reay & King

Reay & King
Chartered Accountants
Registered Auditor

THE MACNEAL-SCHWENDLER COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
Turnover	1	564,268	611,913
Cost of sales		11,385	28,318
GROSS PROFIT		552,883	583,595
Distribution costs		66,232	83,847
Administrative expenses		493,305	447,014
		559,537	530,861
OPERATING (LOSS)/PROFIT	2/3	(6,654)	52,734
Interest receivable	4	750	2,042
Interest payable	5	(1,113)	(2,238)
		(363)	(196)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,017)	52,538
Tax on ordinary activities	6	7,329	18,459
RETAINED (LOSS)/PROFIT FOR THE YEAR		(14,346)	34,079
Retained profit brought forward		100,166	66,087
RETAINED PROFIT CARRIED FORWARD		£ 85,820	£ 100,166

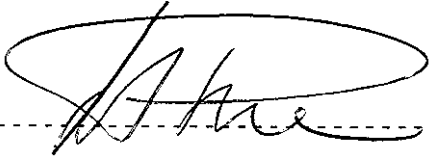
All recognised gains and losses are included in the profit and loss account.

THE MACNEAL-SCHWENDLER COMPANY LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1994

	<u>Notes</u>	<u>£</u>	<u>1994</u> <u>£</u>	<u>£</u>	<u>1993</u> <u>£</u>
FIXED ASSETS					
Tangible assets	7		33,699		56,096
CURRENT ASSETS					
Debtors	8	199,556		182,712	
Cash at bank and in hand		61,989		58,803	
		<u>261,545</u>		<u>241,515</u>	
CREDITORS - amounts falling due within one year	9	(97,447)		(81,625)	
NET CURRENT ASSETS			<u>164,098</u>		<u>159,890</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			197,797		215,986
CREDITORS - amounts falling due after more than one year	10		(1,977)		(5,820)
NET ASSETS			<u>£ 195,820</u>		<u>£ 210,166</u>
CAPITAL AND RESERVES					
Called up share capital	13		110,000		110,000
Profit and loss account			85,820		100,166
			<u>£ 195,820</u>		<u>£ 210,166</u>

----- P. A. Newton -----)
 -----  -----)
 ----- Directors -----)

Approved by the Board : 30.3.1995

THE MACNEAL-SCHWENDLER COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES

(a) Accounting convention

These financial statements have been prepared under the historical cost convention. There were no discontinued or newly acquired activities during the year.

(b) Turnover

Turnover represents the amounts receivable, excluding VAT, for goods and services invoiced during the year.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives by equal annual instalments at the following rates:

Fixtures and fittings:-	25.00 % per annum
Computer equipment :-	25.00 % per annum
Motor vehicles :-	25.00 % per annum

(d) Deferred taxation

Deferred taxation is provided for by the liability method on all timing differences which are expected to reverse in the foreseeable future.

(e) Finance leases

Assets used by the Company which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors. Operating lease charges are written off as they are incurred.

(f) Foreign currency transactions

Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction, and exchange fluctuations are written off at the time of payment. Assets and liabilities at the balance sheet date have been converted at the rate ruling at that date.

(g) Pensions

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

THE MACNEAL-SCHWENDLER COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

2.	OPERATING (LOSS)/PROFIT	<u>1994</u> £	<u>1993</u> £
	This is stated after charging:		
	Staff costs (see note 3)	296,412	259,197
	Auditors' remuneration	3,600	3,600
	Depreciation on finance lease assets	6,179	6,179
	Depreciation on owned fixed assets	34,582	41,515
	Hire of office equipment- operating leases	8,579	3,725
	Hire of motor vehicles - operating leases	6,542	2,011
3.	EMPLOYEES	<u>1994</u> £	<u>1993</u> £
(a)	Staff costs:		
	Wages and salaries	248,828	219,248
	Social security costs	26,648	23,791
	Other pension and welfare costs	18,747	14,112
	Other costs	2,189	2,046
		£296,412	£259,197
(b)	The average weekly number of employees during the year was made up as follows:	No.	No.
	Office and management	2	2
	Selling and distribution	7	6
		9	8
(c)	Directors' emoluments:		
	Emoluments (excluding pension scheme contributions) were:		
	Highest paid director	£ 64,206	£ 63,178
	Ranges for other directors:		
		No.	No.
	£Nil - £5,000	4	4

THE MACNEAL-SCHWENDLER COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

4. INTEREST RECEIVABLE

	<u>1994</u> £	<u>1993</u> £
Bank interest receivable	£ 750	£ 2,042

5. INTEREST PAYABLE

	<u>1994</u> £	<u>1993</u> £
Finance charges payable under finance leases and hire purchase contracts	£ 1,113	£ 2,238

6. TAXATION

	<u>1994</u> £	<u>1993</u> £
(a) The tax charge on the result on ordinary activities for the year was as follows:		
U.K corporation tax at 25% (1993 - 25%)	2,741	18,635
Taxation under-provided in previous years:		
Corporation tax	4,588	(176)
	<u>£ 7,329</u>	<u>£ 18,459</u>

THE MACNEAL-SCHWENDLER COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

7. TANGIBLE FIXED ASSETS

	<u>Fixtures and fittings</u>	<u>Computer equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost:				
At 1st January 1994	68,289	189,037	26,323	283,649
Additions	511	17,853	-	18,364
	<u>68,800</u>	<u>206,890</u>	<u>26,323</u>	<u>302,013</u>
At 31st December 1994				
Depreciation:				
At 1st January 1994	54,668	153,771	19,114	227,553
Charge for year	10,387	24,195	6,179	40,761
	<u>65,055</u>	<u>177,966</u>	<u>25,293</u>	<u>268,314</u>
At 31st December 1994				
Net Book Value:				
At 31st December 1994	£ 3,745	£28,924	£ 1,030	£ 33,699
At 31st December 1993	<u>£13,621</u>	<u>£35,266</u>	<u>£ 7,209</u>	<u>£ 56,096</u>
Net Book Value of assets held under finance leases included above:				
At 31st December 1994	<u>£ -</u>	<u>£ -</u>	<u>£ 1,030</u>	<u>£ 1,030</u>

8. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Due within one year:		
Trade debtors	6,831	3,572
Amounts owed by fellow subsidiary undertaking	181,227	173,407
Social security and other taxes	5,937	1,671
Prepayments and accrued income	5,561	4,062
	<u>£199,556</u>	<u>£182,712</u>

THE MACNEAL-SCHWENDLER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1994</u> £	<u>1993</u> £
Obligations under lease and hire purchase contracts	3,840	2,724
Corporation tax	2,741	18,635
Other taxes and social security costs	8,037	10,257
Accruals and deferred income	82,829	50,009
	<u>£ 97,447</u>	<u>£ 81,625</u>

10. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1994</u> £	<u>1993</u> £
Obligations under lease and hire purchase contracts	£ 1,977	£ 5,820

11. OBLIGATIONS UNDER FINANCE LEASES	<u>1994</u> £	<u>1993</u> £
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	4,956	3,840
In the second to fifth year inclusive	1,977	5,820
	<u>6,933</u>	<u>9,660</u>
Less: Finance charges allocated to future periods	(1,116)	(1,116)
	<u>£ 5,817</u>	<u>£ 8,544</u>
Finance leases are analysed as follows:		
Current obligations	3,840	2,724
Non-current obligations	1,977	5,820
	<u>£ 5,817</u>	<u>£ 8,544</u>

12. OTHER FINANCIAL COMMITMENTS

At December 31, 1994 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>1994</u> £	<u>1993</u> £
Operating leases which expire:		
Within one year	1,966	-
In the second to fifth years inclusive	8,342	7,746
	<u>£10,308</u>	<u>£ 7,746</u>

THE MACNEAL-SCHWENDLER COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

13. SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Authorised:		
110,000 Ordinary shares of £1 each	£ 110,000	£ 110,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
110,000 Ordinary shares of £1 each	£ 110,000	£ 110,000
	<u> </u>	<u> </u>

14. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st December 1994 the company did not have any capital commitments or contingent liabilities (1993: nil).

15. ULTIMATE HOLDING COMPANY

The ultimate parent undertaking is The MacNeal-Schwendler Corporation, incorporated in the United States of America.