nCode International Limited
Annual report
for the year ended 31 March 2001

Registered no: 1589921



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nCode International Limited

Annual report
for the year ended 31 March 2001

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nCode International Limited

Annual report
for the year ended 31 March 2001

Directors

K Morton
B Dabell

Secretary and registered office

S Fleet
230 Woodbourn Road
Sheffield
S9 3LQ

Auditors

PricewaterhouseCoopers
1 East Parade
Sheffield
S1 2ET

Bankers

Lloyds Bank plc
City Office
PO Box 72, Bailey Drive
Gillingham Business Park
Kent
ME8 OLS

Solicitors

Taylor & Emmet
56 Wilkinson Street
Sheffield
S10 2GJ

nCode International Limited

Directors' report
for the year ended 31 March 2001

The directors present their report and the audited financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the company continues to be the development and sale of engineering related computer software packages. The core product is used by thousands of engineers world wide working in design and development teams in the ground vehicle, aerospace, offshore, power generation and defence industries.

Review of the business

In the year to 31 March 2001 the company continued to trade profitably. The period end position is satisfactory.

Dividends and transfers to reserves

The profit and loss account for the year is set out on page 5.

The directors do not recommend the payment of a dividend (2000: nil), in respect of the period ended 31 March 2001. The retained profit for the year of £1,025,000 (2000: £694,000) will be transferred to reserves.

nCode International Limited

Directors and directors' interests

The directors of the company at 31 March 2001 are listed below:

K Morton	
C Wright	Resigned 3 May 2000
G Westmacott	Resigned 28 November 2000
B Dabell	

None of the directors at 31 March 2001 had any interest in the share capital of the company or any affiliated companies in the United Kingdom, at that date or at 1 April 2000.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period 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 31 March 2001. 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Our auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board

S Fleet
Secretary
1 **June 2001**

Report of the auditors to the members of nCode International Limited

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, 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 the audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information 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 audit 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 as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered accountants and registered auditors
Sheffield

4 June 2001

nCode International Limited

Profit and loss account for the year ended 31 March 2001

	Notes	31 March 2001 £'000	31 March 2000 £'000
Turnover – continuing activities	2	**5,246**	4,244
Cost of sales		**(1,318)**	(1,206)
Gross profit		**3,928**	3,038
Operating expenses		**(2,510)**	(1,993)
Operating profit – continuing activities	3	**1,418**	1,045
Interest receivable and similar income	6	**75**	6
Interest payable and similar charges	7	**(28)**	(30)
Profit on ordinary activities before taxation		**1,465**	1,021
Taxation on profit on ordinary activities	8	**(440)**	(327)
Profit on ordinary activities after taxation		**1,025**	694
Dividend paid		**-**	-
Retained profit for the period	20	**1,025**	694

The company has no recognised gains or losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented.

Statement of historical cost profits and losses for the year ended 31 March 2001

	31 March 2001 £'000	31 March 2000 £'000
Reported profit on ordinary activities before taxation	**1,465**	1,021
Difference between historical cost depreciation and the actual depreciation charge for the period calculated on the revalued amount.	**2**	3
Historical cost profit on ordinary activities before taxation	**1,467**	1,024
Historical cost profit retained for the period after taxation and dividends	**1,027**	697

nCode International Limited

Balance sheet
at 31 March 2001

	Notes		31 March 2001 £'000	31 March 2000 £'000
Fixed assets				
Tangible assets	10		624	607
Current assets				
Stocks and work in progress	11		25	24
Debtors due within one year	12	3,323		3,825
Debtors due after more than one year	12	2,863	6,186	-
Cash at bank and in hand			466	216
			6,677	4,065
Creditors: amounts falling due within one year	13		(4,304)	(2,678)
Net current assets			2,373	1,387
Total assets less current liabilities			2,997	1,994
Creditors: amounts falling due after more than one year	14		(273)	(295)
			2,724	1,699
Capital and reserves				
Called-up share capital	18		48	48
Share premium account			16	16
Revaluation reserve	19		125	125
Capital redemption reserve			21	21
Profit and loss account	20		2,514	1,489
Equity shareholders funds	21		2,724	1,699

The financial statements on pages 5 to 18 were approved by the board of directors on 1 June 2001 were signed on its behalf by:

K Morton
Director

Notes to the financial statements for the year ended 31 March 2001

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 financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of land and buildings.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1. As the company is a wholly owned subsidiary of AEA Technology Plc, the cash flows of the company are included in the consolidated group cash flow statement of AEA Technology Plc.

Depreciation and amortisation

Depreciation is calculated so as to write off the cost of fixed assets over their expected useful lives at the following annual rates:

Short leasehold land	Nil
Buildings	3% straight line
Fixtures	10% straight line
Computer	33% straight line
Vehicles	25% straight line
Plant and Machinery	10% straight line

Leasehold land is not depreciated because the required depreciation would not be material.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value and include manuals and brochures which have been included at cost. For work in progress, cost includes materials and labour costs attributed to individual contracts plus an appropriation of attributable overheads

1 Principal accounting policies (continued)

Long Term contracts

The amount of profit attributable to the state of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits less amounts recognised in previous years. Provision is made for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Foreign currencies

All assets denominated in foreign currency are translated at the rates of exchange ruling at the year end. All other exchange differences, being those arising from currency conversions in the normal course of trading are dealt with through the profit and loss account.

Deferred taxation

Provision is made, using the liability method, for deferred taxation arising in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

At 31 March 2001 there was no liability to deferred tax (2000: nil).

Pensions

Contributions to the company's pension scheme are charged against profit in the year in which payments are due. See note 9.

Comparative figures

Following a review of the classification of costs between cost of sales and operating expenses undertaken in the year, the comparative figures have been adjusted to reflect a consistent classification within the current year.

1 Principal accounting policies (continued)

Leasing

Operating lease rentals are charged to the profit and loss account as incurred. Assets held under hire purchase and finance lease arrangements are capitalised and the associated liability is included in creditors. Finance charges are allocated to the profit and loss account over the period of the agreement.

Research and development expenditure

Research costs and software development costs are charged to the profit and loss account as incurred.

Turnover

Turnover represents the amount receivable for goods sold and services provided net of value added tax. Annual service and maintenance contracts and annual software licence sales are recognised in the period in which they are sold.

2 Turnover – by geographical destination

The directors regard the company's business activities as being of one class. Turnover can be geographically analysed as follows:

	31 March 2001 £'000	31 March 2000 £'000
United Kingdom	**2,150**	1,369
North America	**1,108**	1,579
Europe	**738**	665
Far East and other	**1,250**	631
	5,246	4,244

3 Operating profit

	31 March 2001 £'000	31 March 2000 £'000
Operating profit is stated after charging/crediting		
Depreciation of tangible fixed assets:		
- owned	**61**	80
- hire purchase	**33**	37
Foreign exchange gain / (loss)	**50**	(9)
Auditors' remuneration:		
- audit	**11**	10
- other	**1**	1
Hire charges: plant and machinery	**9**	2
Profit on disposal of fixed assets	**3**	6

4 Directors' emoluments

	31 March 2001 £'000	31 March 2000 £'000
Directors remuneration	141	99
Company contributions to money purchase pension scheme	13	-
	154	99

Benefits were accruing to one director (2000:1) under a money purchase pension scheme.

5 Employee information

The average weekly number of persons (including executive directors) employed by the company was:

	31 March 2001 Number	31 March 2000 Number
Management and administration	35	33
Technical and manufacturing	35	26
	70	59
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,300	1,801
Social Security costs	261	169
Other pension costs (see note 9)	64	46
	2,625	2,016

6 Interest received

	31 March 2001 £'000	31 March 2000 £'000
Bank interest received	75	6

7 Interest payable

	31 March 2001 £'000	31 March 2000 £'000
Group	14	13
Bank	3	3
Finance leases	11	14
	28	30

8 Taxation

	31 March 2001 £'000	31 March 2000 £'000
UK corporation tax at 30% (2000: 30%) based on the results of the period:		
Current	440	344
Adjustment in respect of earlier years:		
Current	-	(17)
	440	327

	31 March 2001 £'000	31 March 2000 £'000
Unprovided deferred tax is as follows		
Accelerated capital allowances	(24)	(31)

9 Pensions

The company operates defined contribution pension schemes in respect of employees and directors. The assets of the schemes are held separately from those of the company in independent administered funds. The pension cost represents contributions payable by the company to the fund and amounted to £64,197 (2000: £45,565). Contributions owed to the funds at the end of the period amounted to £4,084 (2000: £3,728).

10 Tangible fixed assets

The company has adopted FRS15 "Tangible fixed Assets" and has followed the transitional provisions to retain the book value of short leasehold premises, which were revalued in 1998.

	Short Leasehold land & buildings £'000	Computers & equipment £'000	Fixtures & vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2000	420	423	182	1,025
Additions at cost	-	31	90	121
Disposals	-	(2)	(43)	(45)
At 31 March 2001	**420**	**452**	**229**	**1,101**
Depreciation				
At 1 April 2001	38	286	94	418
Disposals	-	(2)	(33)	(35)
Charge for the period	12	44	38	94
At 31 March 2001	**50**	**328**	**99**	**477**
Net book value At 31 March 2001	**370**	**124**	**130**	**624**
Net book value At 31 March 2000	382	137	88	607

Included in short leasehold land and buildings is £75,000 (2000: £75,000) of non-depreciated leasehold land.

The net book value of tangible fixed assets includes an amount of £148,000 (2000: £146,000) in respect of assets held under finance leases.

The company's premises were valued by external valuers in 1998 on an open market basis with vacant possession, at a valuation of £420,000. If short leasehold premises had not been revalued they would have been included at the following amounts:

	31 March 2001 £'000	31 March 2000 £'000
Historical cost	**295**	295
Depreciation based on cost	**(32)**	(22)
	263	273
Leasehold land	**53**	53
Leasehold buildings	**210**	220
	263	273

11 Stocks

	31 March 2001 £'000	31 March 2000 £'000
Raw materials and consumables	22	16
Work in progress	3	8
	25	24

12 Debtors

	31 March 2001 £'000	31 March 2000 £'000
Amounts falling due within one year		
Trade debtors	1,777	1,000
Amounts recoverable on contracts	162	136
Amounts owed by group undertakings	587	2,223
Other debtors	797	466
	3,323	3,825
Amounts falling due after more than one year		
Amounts owed by group undertakings	2,863	-

13 Creditors: amounts falling due within one year

	31 March 2001 £'000	31 March 2000 £'000
Bank loans	27	7
Hire purchase liabilities	43	57
Trade creditors	158	160
Amounts owed to group undertakings	3,312	1,986
Corporation tax	581	278
Other taxation and social security	110	87
Accruals and deferred income	73	103
	4,304	2,678

14 Creditors: amounts falling due after more than one year

	31 March 2001 £'000	31 March 2000 £'000
Bank loans	7	33
Hire purchase liabilities	66	62
Amounts owed to subsidiary undertakings	200	200
	273	295

The bank borrowings are secured on the company's assets.

Borrowings due are repayable by instalments as follows:

	31 March 2001 £'000	31 March 2000 £'000
With one year	27	7
One to two years	7	27
Two to five years	-	6
	34	40

The net hire purchase obligations which the company is committed are:

	2001 £'000	2000 £'000
Within one year	43	57
One to two years	33	24
Two to five years	33	38
	109	119

15 Capital commitments

Capital expenditure authorised by the directors but not provided in the accounts amounted to:

	31 March 2001 £'000	31 March 2000 £'000
Contracted for	-	-

16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the period to 31 March 2002:

	31 March 2002		31 March 2001	
	Land and buildings £'000	Plant and other £'000	Land and buildings £'000	Plant and other £'000
Expiring:				
Within one year	-	8	4	7
Within two to five years	23	123	3	81
	23	131	7	88

17 Contingent Liability

The company has entered a group VAT registration with AEA Technology plc, which involves joint and several liability along with twenty four other subsidiaries. At 31 March 2001 the amount outstanding was £7.9 million (2000: £4.9 million).

There is a cross guarantee in place in respect of overdrafts included within the Lloyds Bank plc offset arrangement, of which nCode International Limited, AEA Technology plc and seven subsidiaries are a part. At 31 March 2001 the gross overdraft guaranteed within this set off arrangement was £20.5 million (2000: £10.4 million).

The directors do not expect any loss to arise in connection with the above

18 Called up share capital

	31 March 2001 £'000	31 March 2000 £'000
Authorised		
Ordinary shares of £1 each	100	100
Allotted, issued and full paid		
Ordinary shares of £1 each	48	48

19 Revaluation reserve

	31 March 2001 £'000	31 March 2000 £'000
Balance at 31 March 2000 and 31 March 2001	125	125

20 Profit and loss account

	£'000
At 1 April 2000	1,489
Profit for the period	1,025
At 31 March 2001	**2,514**

21 Reconciliation of movement in shareholders' funds

	31 March 2001 £'000	31 March 2000 £'000
Opening shareholders' funds	1,699	1,005
Profit for the financial period	1,025	694
Closing equity shareholders' funds	2,724	1,699

22 Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Party Transactions not to disclose related party transactions between fellow group companies. The transactions not explicitly disclosed are transactions between entities under common control which are included in the published consolidated accounts of AEA Technology Plc.

23 Ultimate parent company

The directors regard AEA Technology Plc, a company registered in England and Wales as the ultimate parent company and ultimate controlling party.

A copy of the ultimate parent company's consolidated financial statements, within which this company is included, can be obtained from:

AEA Technology Plc
Harwell
Didcot
Oxfordshire OX11 ORA