Company Registration No. 1748591

COMPUTER SYSTEMS INTEGRATION LIMITED

(formerly DCS eIntegration Limited)

Report and Financial Statements

31 December 2003

Deloitte & Touche LLP
Leeds

AKI5HUVO
A20 0861
COMPANIES HOUSE 11/06/04

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Forsyth
M J Henderson
R C Jackson
R Starling
R Midgley

SECRETARY

S J Patterson

REGISTERED OFFICE

Mayesbrook House
Lawnswood Business Park
Redvers Close
Leeds, LS16 6QY

BANKERS

National Westminster Bank plc
Leeds City Office
8 Park Row
Leeds LS1 1QS

SOLICITORS

Hammonds
2 Park Lane
Leeds LS3 1ES

AUDITORS

Deloitte & Touche LLP
Leeds

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

ACTIVITIES

The principal activities of the company during the year were the bespoke design and development of general computer applications, the supply of software packages, support services, and the sale, as a re-seller, of IBM's mid range computer hardware and software.

REVIEW OF DEVELOPMENTS

On 30 June 2003, the entire issued share capital of the company was acquired by Computing Services for Industry Limited (company registration number 4757190) from DCS Group plc by way of a management buyout.

The date of the acquisition and transfer of control of this company is deemed to be 31 May 2003, by all parties.

On 30 June 2003, the company purchased the entire share capital of CSI Properties Limited.

On 30 June 2003, the company sold freehold property to CSI Properties Limited for £350,000 cash, being its full market value (in accordance with a valuation prepared by Knight Frank on behalf of Nationwide Building Society dated 24 June 2003).

The company changed its name to Computer Systems Integration Limited on 1 July 2003.

In the period prior to and immediately following the management buyout the business made some adjustments to its structure to position itself to take advantage of business opportunities in the second half of the year. This led to exceptional redundancy costs of £125,795 for the year. Post management buyout operating profit on continuing operations is £443,431 (before exceptional operating costs of £49,000) against a combined pre and post management buyout operating loss of £(7,829) on continuing operations.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a final ordinary dividend (2002: £nil). The holders of the 'A' ordinary shares have waived their right to a final dividend.

FUTURE PROSPECTS

The market continues to be very challenging, the company has positioned itself to remain profitable in the current environment, however will not return to significant profits until its' client base embarks upon increased I.T. spending.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

A J Forsyth

M J Henderson

R C Jackson

R Starling

R Midgley

The directors did not hold shares, beneficially or otherwise, in the company during the year. Mr Forsyth, Mr Henderson and Mr Jackson are also directors of the ultimate parent company, Computing Services for Industry Limited. Details of their holdings in the parent company are disclosed in that company's accounts.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (CONTINUED)

The other directors who held office at the end of the financial year had the following interests in the share capital of the ultimate parent company as follows:

	£1 shares			
	"A" Ordinary	"B" Ordinary	"A" Preference	"B" Preference
R Starling	559	-	19,441	-
R Midgley	251	-	8,749	-

POLITICAL AND CHARITABLE DONATIONS

During the year, the company made charitable conations amounts to £367 (2002: £250). No political donations were made.

EMPLOYEES

The company encourages development and implementation of employment policies and remuneration schemes designed to identify employees with the company's achievements and ways in which their knowledge and skills can best contribute towards its success. The directors recognise the importance of employee involvement, which is fostered by the development of communications through the normal company reporting procedures. The company gives equal opportunities to disabled persons whenever possible, both in recruitment and career development.

AUDITORS

Deloitte & Touche were appointed as auditors on 30 June 2003. On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S J Patterson
Secretary
[DATE] 27th May 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, 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 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. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Deloitte.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUTER SYSTEMS INTEGRATION LIMITED (formerly DCS eIntegration Limited)

We have audited the financial statements of Computer Systems Integration Limited (formerly DCS eIntegration Limited) for the year ended 31 December 2003 which comprise the profit and loss account, the note of historical cost profits and losses, the reconciliation of movements in shareholders funds, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 Companies Act 1985. We also report 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Leeds

8 June 2004

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2003

	Note	Continuing operations £'000	Exceptional (note 8) £'000	Total 2003 £'000	Continuing operations £'000	Exceptional (note 8) £'000	Total 2002 £'000
TURNOVER	2	15,995	-	15,995	19,286	-	19,286
Cost of sales		(12,870)	(78)	(12,948)	(14,902)	(184)	(15,086)
Gross profit/(loss)		3,125	(78)	3,047	4,384	(184	4,200
Distribution costs		(1,257)	(34)	(1,291)	(1,706)	(37)	(1,743)
Administrative expenses		(1,876)	(165)	(2,041)	(2,137)	(58)	(2,195)
OPERATING (LOSS)/PROFIT	4	(8)	(277)	(285)	541	(279)	262
Profit on sale of freehold property				120			-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION				(165)			262
Interest receivable and similar income	5			1			1
Interest payable and similar charges	6			(39)			(23)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(203)			240
Tax on (loss) profit on ordinary activities	7			-			426
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	17			(203)			666

There are no recognised gains or losses in the current or preceding year other than the (loss)/profit for the year as shown above.

NOTES OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2003

	2003 £'000	2002 £'000
Reported (loss)/profit on ordinary activities before taxation	(203)	240
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	3
Realisation of property revaluation gains of earlier years	122	-
Historical cost (loss)/ profit on ordinary activities before taxation	(81)	243
Historical cost (loss)/profit retained after taxation	(81)	669

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS
Year ended 31 December 2003

	2003 £'000	2002 £'000
(Loss)/profit for the financial year	(203)	666
Net (reduction)/addition to shareholders' funds	(203)	666
Opening shareholders' funds	(1,855)	(2,521)
Closing shareholders' funds	(2,058)	(1,855)

BALANCE SHEET
31 December 2003

	Note		2003 £'000		2002 (as restated, see notes 13,14) £'000
FIXED ASSETS					
Tangible assets	9		202		591
Investment in subsidiary	10		103		-
			305		591
CURRENT ASSETS					
Stocks	11	15		23	
Debtors	12	3,337		7,258	
Cash at bank and in hand		15		-	
		3,367		7,281	
CREDITORS: amounts falling due within one year	13	(4,913)		(8,453)	
NET CURRENT LIABILITIES			(1,546)		(1,172)
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,241)		(581)
CREDITORS: amounts falling due after more than one year	14		(202)		(371)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(615)		(903)
			(2,058)		(1,855)
CAPITAL AND RESERVES					
Called up share capital	16		460		460
Share premium account	17		54		54
Revaluation reserve	17		-		122
Capital redemption reserve	17		46		46
Profit and loss account	17		(2,618)		(2,537)
			(2,058)		(1,855)
SHAREHOLDERS' FUNDS					
Equity			(2,109)		(1,906)
Non-equity			51		51
			(2,058)		(1,855)

These financial statements were approved by the Board of Directors on 27th May 2004

Signed on behalf of the Board of Directors

MJ Henderson — Director

AJ Forsyth — Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Computing Services for Industry Limited, and its cash flows are included within the consolidated cash flow statement of that company.

The company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group.

Group accounts

In accordance with Section 228(1) of the Companies Act 1985 the company has not prepared group accounts as it is a subsidiary of Computing Services for Industry Limited, a company registered in England and Wales, which prepares group accounts.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments to write off the cost less residual value of fixed assets as follows:

Freehold buildings	50 years
Tenants' improvements	10 years or first break point in lease whichever is sooner
Computer installations	3 or 5 years
Fixtures, fittings and equipment	3 or 5 years

No depreciation is provided on land

Stocks - long term contracts and work in progress

Amounts recoverable on long term contracts, included in debtors when arising, are stated at the net sales value of work done less amounts received as progress payments on accounts. Excess progress payments (when made) are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for anticipated future losses on contracts, are included as work-in-progress balances in stock.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

Research and development

Research and development costs are written off in the profit and loss account in the year in which they are incurred.

Income recognition

Income in respect of third party software product licences and hardware is recognised in full on delivery. For own software product licences, income is recognised on installation unless there are significant post-delivery vendor obligations, when licence income is recognised on a percentage of completion basis.

Turnover in respect of fixed price contracts is recognised based on the stage of completion of the contract provided the outcome of the contract can be assessed with reasonable certainty, otherwise turnover is recognised when the contract is complete. Provision is made for losses as soon as they are foreseen.

Advanced services and non-third party maintenance turnover is recognised over the period to which it relates.

Pensions and other post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax loss all arise in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £'000	2002 £'000
Directors' emoluments		
Emoluments (excluding pension contributions)	566	772
Company contributions to money purchase pension schemes	36	41
	602	813

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2003 £'000	2002 £'000
Highest paid director		
Emoluments (excluding pension contributions)	143	270
Company contributions to money purchase pension scheme	11	15
	154	285

	No.	No.
Number of directors who are members of defined contribution pension scheme	4	4

Average number of persons employed		
Production	69	74
Sales and distribution	13	16
Administration	23	25
	105	115

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	4,513	4,735
Social security costs	536	587
Pension costs	115	125
	5,164	5,447

4. OPERATING (LOSS)/PROFIT

	2003 £'000	2002 £'000
Operating (loss)/profit is after charging		
Depreciation and amortisation		
Owned assets	131	168
Leased assets	47	122
Rentals under operating leases		
Hire of plant and machinery	74	187
Other operating leases	551	545
Loss on disposal of fixed assets	-	3
Foreign exchange loss / (gain)	10	(7)
Auditors' remuneration	18	17

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £'000	2002 £'000
Bank interest	1	-
Other	-	1
	1	1

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Bank interest and charges	35	8
Finance leases and hire purchase contracts	4	15
	39	23

7. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
United Kingdom corporation tax		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	(426)
Tax credit on profit on ordinary activities	-	(426)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2002: standard rate 30%). The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation.

	2003 £'000	2002 £'000
(Loss)/profit on ordinary activities before tax	(203)	240
Tax on profit on ordinary activities at 30% (2002: 30%)	(61)	72
Factors affecting the charge for the year:		
Expenses not deductible for tax purposes	23	41
Capital allowances for the period in excess of depreciation and other timing differences	(49)	(254)
Tax losses carried forward	87	141
Adjustment to tax charge in respect of previous periods	-	(426)
Total current tax credit for the year	-	(426)

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

8. EXCEPTIONAL CHARGES

	2003 £'000	2002 £'000
Insurance costs written off	98	-
Provision for rent on sub-let property	54	-
Redundancy	125	220
Impairment provision	-	3
Office closure costs	-	56
	277	279

The company has continued to consolidate its business this year and has incurred significant redundancy costs.

Various one-off costs have been incurred as a result of the management buyout during the year. These consist of the write off of insurance costs paid in advance but voided as a result of the management buyout, and a provision for the excess rental costs not covered by a sub-lease on a rented property, not previously provided for in prior years.

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Computer installations £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 January 2003	285	788	706	1,779
Additions	-	30	5	35
Disposals	(285)	(42)	(152)	(479)
At 31 December 2003	-	776	559	1,335
Accumulated depreciation				
At 1 January 2003	52	657	478	1,187
Charge for the year	3	82	93	178
Disposals	(55)	(41)	(136)	(232)
At 31 December 2003	-	698	435	1,133
Net book value				
At 31 December 2003	-	78	124	202
At 31 December 2002	233	130	228	591

The net book value of computer installations includes an amount of £8,215 (2002: £53,000) in respect of assets hold under finance lease and similar hire purchase contracts. Depreciation on these assets amounted to £46,803 (2002: £120,000).

The net book value of fixtures, fittings and equipment includes an amount of £nil (2002: £14,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation on these assets amounted to £nil (2002: £2,000).

No depreciation was provided on freehold land which was included in land and buildings at a cost of £nil (2002: £28,500).

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

9. TANGIBLE FIXED ASSETS (CONTINUED)

Particulars relating to freehold land and buildings are given below.

	Freehold property	
	2003	2002
	£'000	£'000
Land and buildings		
At 25 January 1993 open market value	-	285
Aggregate depreciation thereon	-	(52)
	-	233

On 25 January 1993, the freehold land and buildings were valued at open market value on the basis of existing use (and in accordance with the current edition of the Statements of Asset Valuation Practice and Guidance Notes issued by the Asset Valuation Standards committee of the Royal Institution of Chartered Surveyors) by Messrs Norton & Company, Chartered Surveyors, FRICS.

At 31 December 2002, if the freehold property had not been revalued, it would have been included at a cost of £147,585 less accumulated depreciation of £39,809.

On 24 June 2003, the freehold land and buildings were valued at open market value on the basis of existing use (and in accordance with the current edition of the Statements of Asset Valuation Practice and Guidance Notes issued by the Asset Valuation Standards committee of the Royal Institution of Chartered Surveyors) by Knight Frank, Chartered Surveyors, MRICS.

On 30 June 2003 in accordance with this valuation, the freehold land and buildings were sold to CSI Properties Limited, a wholly owned subsidiary for £350,000.

10. INVESTMENTS HELD AS FIXED ASSETS

	Class of shares in issue	% shareholding/ voting rights held	Additions and at 31 December 2003 £
Shares in subsidiary undertaking at cost			
CSI Properties Limited	Ordinary	100%	102,776

During the year, the company purchased the entire share capital of six dormant companies for £1 each. The total investment cost of £6 is not included in these accounts. The share capital and reserves of each company is nil at 31 December 2003.

The six dormant companies are as follows:

CSI Industry Solutions Limited
Proximity Solutions Limited
Trebledate Limited (application to strike off pending)
Proximity Consulting Limited (application to strike off pending)
The Computer Advisory Centre Limited (application to strike off pending)
AVRO Business Solutions Limited (application to strike off pending)

11. STOCKS

	2003	2002
	£'000	£'000
Work-in-progress	15	23

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

12. DEBTORS

	2003 £'000	2002 £'000
Amounts falling due within one year		
Trade debtors	2,833	6,217
Amounts due from parent company and subsidiary undertakings	-	768
Other debtors	6	7
Prepayments and accrued income	498	266
	3,337	7,258

Some of the trade debtors are financed under an invoice discounting agreement with The Royal Bank of Scotland. Advances received from The Royal Bank of Scotland are shown within other creditors in note 13. The value of trade debtors excluded from this arrangement is £763,806.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 (as restated see note 14) £'000
Obligations under finance leases and similar hire purchase contracts	11	60
Bank overdraft	-	843
Advances received on invoice discounting facility	456	-
Trade creditors	1,592	1,985
Other loan	375	-
Amounts owed to parent and subsidiary undertakings	108	116
Corporation tax	1	1
Other taxes and social security	336	1,139
Other creditors	122	162
Accruals and deferred income	1,912	4,147
	4,913	8,453

Advances received on invoice discounting facility represents advances received from The Royal Bank of Scotland under an invoice discounting arrangement (see note 12). The advances are secured by a fixed and floating charge over the present and future book debts, and all assets and undertakings of the company.

Loan notes shown within other loan have a minimum holding period of six months from their issue on 30 June 2003 and expire on the following dates.

	£'000
31 March 2004	125
30 June 2004	125
30 September 2004	125
	375

No interest is payable is respect of the other loan

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £'000	2002 (as restated) £'000
Obligations under finance leases and similar hire purchase contracts due within two to five years	3	14
Accruals	53	-
Lease incentive	146	357
	202	371

Restatement

In prior years, a lease incentive was received by the company and is being recognised over the period to the first rent review.

In prior years, this deferred incentive amount has been included within creditors due within one year. This year, the appropriate amount is included within creditors due after more than one year.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £'000	2002 £'000
Restructuring provision		
At beginning of year	903	1,346
Transferred to former parent company on management buyout	(61)	-
Created in the year	255	230
Released in the year	(195)	-
Utilised in the year	(287)	(673)
	615	903

Deferred taxation

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 2003 £'000	Provided 2002 £'000	Not Provided 2003 £'000	Not provided 2002 £'000
Difference between accumulated depreciation and amortisation and capital allowances	-	-	570	405
Other timing differences	-	-	214	293
Losses carried forward	-	-	1,516	1,387
	-	-	2,300	2,085

Deferred tax assets have not been recognised in respect of timing differences relating to tax losses, available for offset against future profits, accelerated capital allowances and provisions. Deferred tax assets have not been recognised in respect of these items as it is not regarded as 'more likely than not' that they will be recovered, in the foreseeable future.

Tax losses available for carry forward to offset against profits arising from the same trade amount to approximately £5,054,000.

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

16. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
1,012,515 'A' ordinary shares of 5p each	50,626	50,626
18,987,485 ordinary shares of 5p each	949,374	949,374
	1,000,000	1,000,000
Called up, allotted and fully paid		
1,012,515 'A' ordinary shares of 5p each	50,626	50,626
8,194,776 ordinary shares of 5p each	409,738	409,738
	460,364	460,364

The 'A' ordinary shares carry the right to a cumulative preferential dividend of 2% of the net profit as defined in the company's articles, subject to a minimum dividend of £60,600 in respect of a full year. No interim or final dividend was paid or proposed during the year. The right to interim and final dividends for the year in respect of these shares have been waived by the shareholders.

17. CAPITAL AND RESERVES

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At beginning of year	460	54	122	46	(2,537)
Loss for the year	-	-	-	-	(203)
Transfer to profit and loss account	-	-	(122)	-	122
At end of year	460	54	-	46	(2,618)

18. FINANCIAL COMMITMENTS

Capital commitments

	2003 £'000	2002 £'000
Contracted for but not provided	-	5

Operating lease commitments

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Leases which expire:				
Within one year	37	46	10	68
Within two to five years	160	145	16	35
After five years	471	730	-	-
	668	921	26	103

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

19. PENSION SCHEME

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £115,266 (2002: £125,092).

Amounts accrued at the year end are £24,228 (2002: £26,984).

20. CONTINGENT LIABILITIES

There is an unscheduled debenture dated 30 June 2003, in favour of National Westminster Bank Plc, creating a fixed and floating charge over all current and future assets of the company.

There is a cross guarantee between this company and its ultimate parent company, in favour of National Westminster Bank Plc, amounting to nil at 31 December 2003.

There is a guarantee in place with IBM UK Financial Services Limited in respect of DCS Automotive UK Limited, a DCS Group subsidiary, the net indebtedness under which is £22,206 at 31 December 2003 (2002: £31,088).

21. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Computing Services for Industry Limited. Consolidated financial statements of Computing Services for Industry Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

22. RELATED PARTY TRANSACTIONS

There were no related party transactions in the year, other than those eliminated on consolidation.