

137

signed

CSC UK COMPUTER SCIENCES COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

3 April 1981

Touche Ross & Co.,
Hill House,
1 Little New Street,
London,
EC4A 3TR.



REPORT OF THE DIRECTORS TO THE MEMBERS OF

CSC UK COMPUTER SCIENCES COMPANY LIMITED

for the period ended 3 April 1981

1. ACTIVITIES

The company provides the services of consultants, systems analysts and computer programmers on a contract basis and remote computing services through its INFONET Division.

2. RESULTS

The loss on trading for the period amounted to £87,048 (1980 profit £86,835). This has been added to the opening accumulated deficit, leaving a deficit of £14,125 to be carried forward at 3 April 1981.

3. EXPORTS

During the year the company exported services amounting to £232,494 (1980 - £84,570).

4. DIVIDENDS

No dividends are proposed in respect of the period.

5. DIRECTORS

The following persons were directors of the company during the period:

K.R. Barge	-	Chairman
K. Nicol	-	Managing Director
W. Hoover	-	(United States)
W. Schaer	-	(United States)

None of the directors had a beneficial interest in any of the shares of the company during the period.

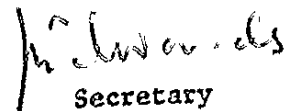
6. FIXED ASSETS

During the period the company acquired fixed assets amounting to £192,942 (1980 - £125,883). Of this, communication and peripheral equipment amounting to £11,038 (1980 - £12,378) was transferred from overseas group companies at their written down value.

7. AUDITORS

The auditors, Touche Ross & Co., have signified their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By Order of the Board


Secretary

14 August 1981

AUDITORS' REPORT TO THE MEMBERS

of

CSC UK COMPUTER SCIENCES COMPANY LIMITED

We have audited the financial statements on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 3 April 1981 and of its loss and source and application of funds for the period then ended and comply with the Companies Acts 1948 to 1980.

Touche Ross & Co.

Chartered Accountants

14 August 1981

CSC UK COMPUTER SCIENCES COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

for the period ended 3 April 1981

	Note	1981 (53 weeks) £	1980 (52 weeks) £
Turnover	1(b)	£1,868,000	£1,398,216
The trading (loss)/profit for the period is after taking into account the following charges or (credits):		=====	=====
		(87,048)	86,835
Directors' emoluments	7	41,124	43,983
Depreciation	1(c) & 4	79,789	47,542
Auditors' remuneration		6,600	6,100
Loan interest	5	30,998	25,274
Royalties paid to a group company		20,860	11,714
Charges from group companies for technical assistance, computer facilities and administration costs		245,903	214,920
Charges for personnel hired from affiliated companies		52,589	19,821
Interest receivable		(8,044)	(4,909)
		=====	=====
(Loss)/profit before taxation		(87,048)	86,835
Taxation	9	-	-
(Loss)/profit after taxation		(87,048)	86,835
Accumulated deficit brought forward		(104,377)	(191,212)
Accumulated deficit carried forward		£(191,425)	£(104,377)
		=====	=====

CSC UK COMPUTER SCIENCES COMPANY LIMITEDBALANCE SHEET - 3 April 1981

	Note	1981 £	1980 £
Current assets			
Cash and bank balance		105,651	117,406
Debtors		346,049	385,828
Work in progress	3	162,037	-
Due from fellow subsidiaries		<u>56,198</u>	<u>-</u>
		669,935	503,234
Current liabilities			
Creditors		272,631	224,868
Due to fellow subsidiaries		9,691	17,417
Due to parent company	2	<u>397,878</u>	<u>174,737</u>
(1980 - ultimate holding company)		680,200	417,022
Net current (liabilities)/assets		(10,265)	86,212
Fixed assets	4	284,333	179,904
Other liabilities		(455,393)	(360,393)
Loan	5	£(181,325)	£(94,277)
Shareholders' interests			
Share capital	6	10,100	10,100
Accumulated deficit		<u>(191,425)</u>	<u>(104,377)</u>
		£(181,325)	£(94,277)

The financial statements were approved by the Board of Directors on
14 August 1981.

Kerth Nicol
K.R. Bange.

)
)
) Directors
)

CSC UK COMPUTER SCIENCES COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the period ended 3 April 1981

	1981	1980
	£	£
Source of funds		
Profit before tax	-	86,835
Add: items not involving movement of funds	-	47,542
Depreciation	-	(1,595)
Less profit on the sale of fixed assets	-	-
Total generated from operations	-	132,782
Funds from other sources:		
Proceeds from sale of fixed assets	8,476	10,104
Increase in loan	<u>95,000</u>	<u>-</u>
	103,476	142,886
Application of funds		
Loss before tax	(87,048)	-
Less items not involving movement of funds:		
Depreciation	79,789	-
Less loss on the sale of fixed assets	<u>248</u>	<u>-</u>
Total absorbed by operations	(7,011)	-
Purchase of fixed assets	(192,942)	(125,883)
	(96,477)	<u>17,003</u>
Changes in working capital		(253,269)
Decrease/(increase) in debtors	39,779	-
(Increase) in work in progress	(162,037)	132,816
Increase in creditors	47,763	-
Increase in amounts due to group companies	<u>159,217</u>	<u>165,385</u>
	84,722	<u>44,932</u>
(Decrease)/increase in cash and bank balances	£(11,755)	£61,935

CSC UK COMPUTER SCIENCES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 3 April 1981

1. ACCOUNTING POLICIES

(a) Accounting period

The financial statements have been prepared under the historical cost convention and drawn up from 29 March 1980 to 3 April 1981, a period of fifty three weeks. The comparatives are for a period of fifty two weeks to 28 March 1980.

(b) Turnover

Turnover represents the sales value of contract service work done in the period and revenue from the provision of INFONET remote computing services.

(c) Depreciation

Leasehold premises and improvements are amortised on a straight line basis over the period to the next rent review (note 8).

Communications equipment is amortised on a straight line basis over four years.

Other property and equipment are depreciated on a straight line basis over the period of their estimated useful life as follows:

Furniture, fixtures and fittings	- five to ten years
Motor cars	- five years

(d) Foreign currency

Balances repayable in foreign currencies have been translated into sterling at the rates of exchange applicable on 3 April 1981.

Sales in foreign currencies are converted into sterling at the average rates of exchange applicable for the month of service.

(e) Work in progress

Work in progress, which is considered to be in the nature of long term contracts, is valued at cost plus attributable profits less payments on account invoiced.

(f) Deferred taxation

Deferred tax is provided at the current rate on differences which arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements except where the tax reduction is expected to continue for the foreseeable future. No provision is required for the year under review (1980 - Nil).

GSC UK COMPUTER SCIENCES COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 3 April 1981

(continued)

2. PARENT AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Computer Sciences Corporation, a Nevada, USA, corporation. (1980 parent company-Computer Sciences Nederland B.V., a Dutch company.)

The ultimate holding company is Computer Sciences Corporation, a Nevada, U.S.A. Corporation.

3. WORK IN PROGRESS

There are no short term contracts in existence. There is only one fixed price long term contract the work in progress on which has been valued at £162,037; no progress payments have been invoiced to 3 April 1981.

4. FIXED ASSETS

	Furniture and fittings £	Leasehold property and improvements £	Motor cars £	Communi- cations £	Total £
Cost					
Balance at 28 March 1980	23,206	19,835	98,846	119,176	261,063
Additions during period	57,718	51,556	42,895	40,773	192,942
Disposals during period	(111)	-	(13,498)	(1,859)	(15,468)
Balance at 3 April 1981	80,813	71,391	128,243	158,090	438,537
Depreciation					
Balance at 28 March 1980	10,230	7,913	17,861	45,155	81,159
Charge for period	8,302	13,922	23,971	33,593	79,788
Written back re disposals	(23)	-	(5,714)	(1,007)	(6,744)
Balance at 3 April 1981	18,510	21,835	36,118	77,741	154,204
Net book value					
At 3 April 1981	£62,303	£49,556	£92,125	£80,349	£284,333
At 28 March 1980	£12,976	£11,922	£80,985	£ 74,021	£179,904

5. LOAN

This loan is from Computer Sciences Nederland B.V., a Dutch company. It is unsecured and interest at an average rate of 7.83%. (1980 - 7%) per annum is being charged on this loan.

This loan may be repaid within the next twelve months provided alternative finance is obtained.

CSC UK COMPUTER SCIENCES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 3 April 1981

(continued)

6. SHARE CAPITAL	1981	1980
Authorised: 200 shares of £100 each	£20,000	£20,000
	=====	=====
Issued:	200	200
2 shares of £100 each, fully paid	<u>9,900</u>	<u>9,900</u>
198 shares of £100 each, £50 paid	<u>£10,100</u>	<u>£10,100</u>
	=====	=====

7. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments were paid as follows:

	1981 £	1980 £
Chairman	7,084	16,125
Highest paid director	<u>28,708</u>	<u>22,780</u>
	<u>£35,792</u>	<u>£38,905</u>
	=====	=====

The pension contributions by the company on behalf of the above two directors amounted to £5,332. None of the other directors were paid any emoluments.

(b) Related Party Transactions

Abarco Limited, a company in which Mr. K. Barge, the chairman, is a director, was involved in the following transactions with the company:

- (i) recruitment fees for the hire of personnel by the company and consultancy work, £9,718,
- (ii) commissions on a contract introduced to the company, £4,974,
- (iii) charge to the company for the use of a motor car by the chairman, £1,500.

(c) Senior employees

The emoluments paid to senior employees were as follows:

Scale of remuneration £	1981 No.	1980 No.
20,001 - 25,000	1	1
25,001 - 30,000	1	-

8. LEASE COMMITMENTS

The company leases its office premises under:

- a) the terms of a twenty year lease dated March 1973 at an annual rental of £26,500 until 31 March 1983 following which the annual rental will be re-negotiated,

GSC UK COMPUTER SCIENCES COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 3 April 1981
(continued)

2. LEASE COMMITMENTS (continued)

- b) the terms of a thirteen year lease dated October 1979 at an annual rental of £27,500 until 31 March 1983 following which the annual rental will be re-negotiated,
- c) the terms of a twenty five year lease dated January 1979 at an annual rental of £3,750 until December 1983 following which the annual rental will be re-negotiated,
- d) the terms of a twenty year lease dated March 1978 at an annual rental of £28,000 until June 1983 following which the annual rental will be re-negotiated,
- e) the terms of a twelve year lease dated April 1978 at an annual rental of £18,000 until February 1984 following which the annual rental will be re-negotiated.

9. TAXATION

- No corporation tax liability arises since there is a loss for tax purposes in the period. There are estimated losses to carry forward net of timing differences referred to in accounting policy note 1(f), against profits of the same trade of approximately £300,000 (1980 - £138,000)

11. MAJOR CONTRACTS

Approximately 27% of the company's revenue in the year arose from two major contracts (1980 - 24% from one contract).