

revised
963578 / 47

CSC UK COMPUTER SCIENCES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

30 March 1984

RECEIVED
MAR 31 1984

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

CSC UK COMPUTER SCIENCES COMPANY LIMITED

CONTENTS

	<u>Page</u>
Officers and Professional advisers	1
Report of the directors	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Statement of source and application of funds	7
Notes to the financial statements	8 - 13

CSC UK COMPUTER SCIENCES COMPANY LIMITED

1-

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

K.R. Barge
K. Nicol
W. Hoover
M. Pulliam
G. Barratt

Secretary:

D.J. Edwards

Registered Office:

Heathcoat House,
20 Savile Row,
London W1X 1AE.

Auditors:

Touche Ross & Co.
Chartered Accountants.

Bankers:

Bank of America

Solicitors:

Goslings.

REPORT OF THE DIRECTORS TO THE MEMBERS OF

CSC UK COMPUTER SCIENCES COMPANY LIMITED

for the 52 weeks ended 30 March 1984

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 AND DIVIDENDS

The profit after tax for the period amounted to £176,895 (1983 £142,949). To this amount the opening accumulated profits of £79,014 has been added, leaving a balance of £255,909 to be carried forward at 31 March 1984.

No dividends are proposed in respect of the period.

3. REVIEW OF BUSINESS

A summary of the results of the period's trading is given on page 5 of the financial statements.

Turnover has increased during the year by 22% to £3,317,608. An analysis of turnover appears in note 2 to the financial statements.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory as it represents a substantial improvement on previous years. There were no extraordinary items during the year.

The directors consider the state of affairs to be satisfactory.

4. FUTURE DEVELOPMENTS

The company is pursuing some major opportunities in order to secure the growth projected in its three year plan.

5. EVENTS SINCE THE END OF THE YEAR

There have been no significant events since the end of the year.

6. DIRECTORS

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

K.R. Barge	-	Chairman
K. Nicol	-	Managing Director
W. Hoover	-	(United States)
M. Pulliam	-	(United States)
G. Barratt	-	(United States)

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

All directors served throughout the period.

REPORT OF THE DIRECTORS TO THE MEMBERS OF

CSC UK COMPUTER SCIENCES COMPANY LIMITED

for the 52 weeks ended 30 March 1984
(continued)

7. FIXED ASSETS

During the period the company acquired fixed assets amounting to £96,756 (1983 - £19,189).

8. 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

M' Edwards

Secretary

8 June 1984

Touche Ross & Co

Chartered Accountants

Mill House
1 Little New Street
London EC4A 3TH

4.

AUDITORS' REPORT TO THE MEMBERS

of

CSC UK COMPUTER SCIENCES COMPANY LIMITED

We have audited the financial statements on pages 5 to 13 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 30 March 1984 and of its profit and source and application of funds for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.

8 June 1984

Touche Ross & Co.

Chartered Accountants

CSC UK COMPUTER SCIENCES COMPANY LIMITED

5.

PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 30 March 1984

	Note	1984 £	1983 £
Turnover	1(b)	3,317,608	2,709,495
Cost of sales		(2,518,515)	(2,112,967)
Gross profit		799,093	596,528
Administrative expenses		(424,721)	(309,804)
Other operating charges		(809)	(106,153)
		373,563	180,571
Interest receivable		12,528	13,896
Interest payable and similar charges	5	(943)	(37,677)
Profit on ordinary activities before taxation	2,4	385,148	156,790
Tax on profit on ordinary activities	6	(208,253)	(13,841)
Retained profit on ordinary activities after taxation for the financial year		176,895	142,949
Profit and loss account brought forward		79,014	(63,936)
Profit and loss account carried forward		£ 255,909	£ 79,013

CSC UK COMPUTER SCIENCES COMPANY LIMITED

BALANCE SHEET - 30 March 1984

	Note	£ 1984	£ 1983
FIXED ASSETS			
Tangible assets	7	148,855	<u>136,050</u>
CURRENT ASSETS			
Stocks	8	2,759	14,598
Debtors	9	743,493	486,962
Cash at bank and in hand		<u>127,579</u>	<u>272,651</u>
		873,831	774,211
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(631,446)	(717,407)
NET CURRENT ASSETS		242,385	56,804
TOTAL ASSETS LESS CURRENT LIABILITIES			
		391,240	192,854
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(6,662)	-
PROVISIONS FOR LIABILITIES AND CHARGES	12	(28,669)	(13,841)
		355,909	179,013
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Profit and loss account		<u>255,909</u>	<u>79,013</u>
		355,909	179,013

The financial statements were approved by the Board of Directors on 8 June 1984

K.R. BARGE

K. NICOL

Directors

7.

CSC UK COMPUTER SCIENCES COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the 52 weeks ended 30 March 1984

	1984 £	1983 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	385,148	156,790
Add items not involving movement of funds		
Depreciation	63,636	88,174
Loss on the sale of tangible fixed assets	<u>427</u>	<u>17,144</u>
Total generated from operations	449,211	262,108
Funds from other sources		
Proceeds from sale of tangible fixed assets	19,889	26,415
Increase in share capital by capitalisation of amounts due to parent company	<u>-</u>	<u>80,000</u>
	<u>469,100</u>	<u>368,523</u>
APPLICATION OF FUNDS		
Tax paid	(1,548)	-
Purchase of tangible fixed assets	(96,756)	(19,189)
Repayment of loan	<u>(80,404)</u>	<u>(249,985)</u>
	<u>(178,708)</u>	<u>(269,174)</u>
CHANGES IN WORKING CAPITAL		
(Increase)/decrease in debtors	(169,355)	22,425
Decrease in work in progress	11,839	178,752
Increase/(decrease) in creditors	86,268	(20,832)
Decrease in amounts due to group companies	<u>(364,216)</u>	<u>(220,089)</u>
	<u>(435,464)</u>	<u>(39,744)</u>
(Decrease)/increase in cash and bank balances	£(145,072) =====	£ 59,605 =====

CSC UK COMPUTER SCIENCES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 52 weeks ending 30 March 1984

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and drawn up from 2 April 1983 to 30 March 1984, a period of fifty two weeks.

(b) Turnover

Turnover represents the sales value net of VAT, of contract service work carried out in the period and revenue from the provision of INFONET remote computing services.

(c) Depreciation

Leasehold premiums are amortised on a straight line basis over the period to the next rent review (not~~x~~ 14).

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 lives as follows:

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

(d) Foreign currency

Balances repayable in foreign currencies have been translated into sterling at the rates of exchange applicable at the balance sheet date.

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

Gains and losses arising as a result of exchange rate movements during the year are included as part of the operating results of the company.

(e) Work in progress

Work in progress is stated at the lower of cost and net realisable value. Costs represents labour and appropriate overheads.

(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. The rate at which provision is made, is that which it is anticipated will prevail when such timing differences are expected to reverse.

CSC UK COMPUTER SCIENCES COMPANY LIMITED

9.

NOTES TO THE FINANCIAL STATEMENTS - 52 weeks ending 30 March 1984
(continued)

1. ACCOUNTING POLICIES (continued)

(g) Pension costs

Retirement benefits to employees of the Company are funded by contributions from the company and employees. Payments are made to the Swiss Life Insurance and Pension Company who administer the scheme. These payments, which are made in accordance with periodic actuarial calculations, are charged against the profits of the period in which they become payable. Provision is made in the financial statements for any deficits disclosed by the latest actuarial valuations of the pension fund.

2. TURNOVER

- a) Analyses by class of business and geographical location of turnover are stated below:

	1984		1983	
	Contract Services £	Infonet £	Contract Services £	Infonet £
UK	2,152,374	1,060,510	1,686,270	897,912
Overseas	<u>61,844</u>	<u>42,880</u>	<u>70,964</u>	<u>54,349</u>
	<u>2,214,218</u>	<u>1,103,390</u>	<u>1,757,234</u>	<u>952,261</u>

- b) Analysis of profits before tax attributable to classes of business have not been disclosed as in the opinion of the directors this information will be detrimental to the interest of the company.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1984 £	1983 £
a) Directors' emoluments:		
Fees	-	-
Other emoluments	<u>43,490</u>	<u>44,912</u>
	<u>43,490</u>	<u>44,912</u>
Remuneration of the Chairman	-	512
Remuneration of the highest paid director	<u>43,490</u>	<u>41,890</u>

None of the other directors were paid any emoluments.

CSC UK COMPUTER SCIENCES COMPANY LIMITED

10.

NOTES TO THE FINANCIAL STATEMENTS - 52 weeks ending 30 March 1984
(continued)

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

b) Related Party Transactions

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

- (i) charge to the company for consultancy fees, £2,500.
- (ii) charge to the company for the use of a motor car by the chairman, £1,500.

c) Employee costs during the year:	1984 £	1983 £
Wages and salaries	1,112,088	957,839
Social security costs	88,480	82,656
Other pension costs	33,293	28,435
	<u>1,233,861</u>	<u>1,068,930</u>

No employee received remuneration in excess of £30,000 (1983 - nil).

d) Average number of employees during the year:	1984	1983
Managerial and professional	60	58
Clerical	<u>10</u>	<u>10</u>
	70	68

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	1984 £	1983 £
Depreciation	63,636	88,174
Auditor's remuneration	8,900	8,250
Leasing charges	60,866	26,060
Exceptional charges:		
Foreign currency exchange loss	382	88,980
Payment to facilitate surrender of lease	<u>34,000</u>	<u>-</u>

The foreign currency exchange loss has been accounted for on the basis outlined in Note 1(d).

The exchange loss of £382 has substantially resulted from the appreciation of balances repayable in foreign currencies to group companies.

CSC UK COMPUTER SCIENCES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 52 weeks ending 30 March 1984
(continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES	1984 £	1983 £
Loan interest	442	37,465
Other	<u>501</u>	<u>212</u>
	943	37,677
	=====	=====

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	1984 £	1983 £
Corporation tax @ 50% (1983 @ 52%)	193,425	-
Transfer to deferred taxation		
Current year	16,060	13,841
Prior year amendment	<u>(1,232)</u>	<u>-</u>
	208,253	13,841
	=====	=====

7. TANGIBLE FIXED ASSETS

	Furniture and fittings £	Leasehold property and improvements £	Motor cars £	Communi- cations equipment £	Total £
Cost					
Balance at 3 April 1983	56,476	56,504	98,754	184,667	396,401
Additions during period	4,357	42,732	-	49,667	96,756
Disposals during period	(30)	(10,000)	(48,989)	(3,175)	(62,194)
	-----	-----	-----	-----	-----
Balance at 30 March 1984	60,803	89,236	49,765	231,159	430,963
	-----	-----	-----	-----	-----
Depreciation					
Balance at 3 April 1983	29,147	33,315	49,824	148,064	260,350
Charge for period	8,797	14,874	13,256	26,709	63,636
Written back re disposals	(30)	(10,000)	(28,673)	(3,175)	(41,878)
	-----	-----	-----	-----	-----
Balance at 30 March 1984	37,914	38,189	34,407	171,598	282,108
	-----	-----	-----	-----	-----
Net book value					
At 30 March 1984	<u>22,889</u>	<u>51,047</u>	<u>15,358</u>	<u>59,561</u>	<u>148,855</u>
	=====	=====	=====	=====	=====
At 2 April 1983	<u>27,329</u>	<u>23,189</u>	<u>48,930</u>	<u>36,603</u>	<u>136,051</u>
	=====	=====	=====	=====	=====

CSC UK COMPUTER SCIENCES COMPANY LIMITED

12.

NOTES TO THE FINANCIAL STATEMENTS - 52 weeks ending 30 March 1984
(continued)

8. STOCKS

	1984 £	1983 £
Work in progress:		
Costs incurred	64,759	14,598
less progress payments received and receivable	<u>62,000</u>	<u>-</u>
	<u>2,759</u>	<u>14,598</u>

The majority of the company's contracts are time and materials based, and work in progress is billed monthly.

9. DEBTORS

	1984 £	1983 £
(a) Trade debtors	566,603	434,484
Amounts owed by group companies	104,439	17,263
Other debtors	38,940	23,365
Prepayments	<u>33,511</u>	<u>11,850</u>
	<u>£743,493</u>	<u>£486,962</u>

(b) Amounts falling due after more than one year

Included in other debtors is an amount of £18,000 deposited under terms of a lease. The amount is subject to a registered legal charge and is recoverable only on termination of the lease and conditional upon the terms of the lease being complied with.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1984 £	1983 £
Trade creditors	107,393	50,707
Amounts owed to group companies	33,525	390,969
Taxation and social security	260,296	127,579
Other creditors	69,311	33,459
Accruals and deferred income	<u>160,921</u>	<u>114,693</u>
	<u>£631,446</u>	<u>£717,407</u>

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

Lease obligation payable in instalments none of which fall due after five years	<u>£ 6,662</u>	<u>£ -</u>
--	----------------	------------

CSC UK COMPUTER SCIENCES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 52 weeks ending 30 March 1984
(continued)

12. PROVISION FOR LIABILITIES AND CHARGES	1984 £	1983 £
(a) Deferred taxation (note 12b)	<u>28,669</u>	<u>13,841</u>
	<u>£28,669</u>	<u>£13,841</u>
(b) The potential amounts of deferred taxation, being the amounts provided in the financial statements, are:		
	1984 £	1983 £
Accelerated capital allowances	28,414	25,774
Short term timing differences	255	-
Losses	-	(11,933)

13. CALLED UP SHARE CAPITAL

Authorised: 1,000 shares of £100 each	1984 £100,000	1983 £100,000
Allotted, issued and fully paid: 1,000 shares of £100 each.	£100,000	100,000

14. 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 £41,250 until 19 March 1988.
- (b) the terms of a thirteen year lease dated October 1979 at an annual rental of £27,500 until 19 March 1988.
- (c) the terms of a twelve year lease dated April 1978 at an annual rental of £18,000 until February 1984. The annual rental is now due to be renegotiated.

15. PARENT AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Computer Sciences Corporation, of Nevada, USA, which is the ultimate holding company.