Company Registration No. 00963578

Deloitte
& Touche

CSC COMPUTER SCIENCES LIMITED

Report and Financial Statements

31 March 2000

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



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0433
23/05/01

CSC COMPUTER SCIENCES LIMITED

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Archer
G M Hains
I S Hickson
V B Honeycutt (USA)
M W Laphen
L J Level (USA)

SECRETARY

D J Edwards

REGISTERED OFFICE

279 Farnborough Road
Farnborough
Hampshire GU14 7LS

BANKERS

National Westminster Bank Plc
63 Piccadilly
London W1A 2AG

SOLICITORS

Baker & McKenzie
100 New Bridge Street
London EC4V 6JA

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 3 April 1999 to 31 March 2000.

ACTIVITIES

The principal activities of the company during the period were the provision of computer consultancy, systems integration and computer outsourcing.

RESULTS AND DIVIDENDS

No dividend is proposed. The retained profit of the group for the period amounted to £11,199,000 (1999 - £24,098,000). As a result of this, the group profit and loss account carried forward is a profit of £57,114,000 (1999 - £45,915,000).

REVIEW OF BUSINESS

A summary of the group's results of the period's trading is given on page 7 of the financial statements.

Turnover has decreased by 5.93% during the period to £490,622,000 (1999 - £521,530,000).

In common with many of its competitors the Company experienced a slow down in its consultancy business during the period. This was primarily due to the impact of Year 2000 preparations. This matter has been addressed and the directors consider the state of affairs of the group to be satisfactory.

Two major new computer outsourcing contracts were signed during the year.

An exceptional charge was incurred during the financial period being a retrospective reallocation of CSC's global overhead cost covering a five year period. The exceptional charge amounted to £6,330,000 before tax.

FUTURE DEVELOPMENTS

On 5th April 2000 the group acquired a 100% shareholding in IT Services Ltd and its subsidiary, together with a major datacentre and related computer outsourcing contracts, from British Nuclear Fuels plc.

The group is also actively developing its e-commerce business.

The group is pursuing several other major opportunities across all sectors in which the group operates in order to secure its projected growth.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1.

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

K.Archer	(appointed 11 August 2000)
R.W. Mackintosh	(resigned 14 June 2000)
M.Ghassemian	(resigned 6 October 1999)
G.M. Hains	(appointed 10 January 2000)
I.S. Hickson	
V.B. Honeycutt	(USA)
M.W. Laphen	(appointed 11 August 2000)
L.J. Level	(USA)

None of the directors had any beneficial interests in any of the shares of the company or any other group companies incorporated in Great Britain during the period.

DONATIONS

During the period the group made charitable donations of £43,589 (1999 - £34,552).

DIRECTORS' REPORT

EMPLOYEES

It is the group's policy to give consideration to disabled people in selection for employment, training and career development opportunities, and to take action to facilitate the continuing employment of people who become disabled while on the group's payroll. This policy is applied in a manner consistent with good business practice and the group's regard for the health and safety of all employees and the community at large.

The group recognises the benefit of keeping employees informed of the progress of the business and of involving them in the group's performance. During the period the employees were provided with information regarding the factors affecting the performance of the group and on other matters of concern to them as employees.

CREDITOR PAYMENT POLICY

The group's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU). For other suppliers, the group's policy is to :

(a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;

(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and

(c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

Trade creditor days of the group and of the company for the year ended 31 March 2000 were 38.2 days (1999 – 35.8 days), calculated in accordance with the requirements set down in the Companies Act 1985.

YEAR 2000

The group did not experience any significant problems caused by year 2000 issues related to the group's internal systems, contractual obligations to customers or non-performance of suppliers. Based on currently available information, the group does not expect any future year 2000 issues.

EURO CURRENCY

The group considers that the introduction of the euro has not negatively affected the enforceability of client contracts or required it to incur any material cost under client contracts for which it has not been paid. Internal systems functionality required to deal with the euro has been implemented. The group will continue to review the impact of the euro over time but does not expect it to have a material adverse impact on the consolidated financial statements.

Deloitte & Touche

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

D.J. EDWARDS

Secretary

18 May 2001

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 and the group as at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Deloitte & Touche

AUDITORS' REPORT TO THE MEMBERS OF

CSC COMPUTER SCIENCES LIMITED

We have audited the financial statements on pages 7 to 23 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 affairs of the company and the group as at 31 March 2000 and of the profit of the group for the period from 3 April 1999 to 31 March 2000 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

23 May 2001

Deloitte & Touche

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period 3 April 1999 to 31 March 2000

	Note	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
TURNOVER: continuing operations	1,2	490,622	521,530
Cost of sales		(426,150)	(443,875)
Gross profit		64,472	77,655
Administrative expenses (including in the current period £6,330,000 of exceptional costs)	4	(45,594)	(41,309)
Other operating (expenses)/income		(561)	(3,471)
OPERATING PROFIT: continuing operations		18,317	32,875
Investment income	5	1,066	761
Interest payable and similar charges	6	(929)	(472)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	18,454	33,164
Tax charge on profit on ordinary activities	8	(7,249)	(9,059)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,205	24,105
Equity minority interest		(6)	(7)
PROFIT FOR THE FINANCIAL PERIOD	17	11,199	24,098

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CONSOLIDATED BALANCE SHEET
31 March 2000

	Note	£'000	31 March 2000 £'000	£'000	2 April 1999 £'000
FIXED ASSETS					
Intangible assets	9		28,739		13,547
Tangible assets	10		76,797		12,802
			105,536		26,349
CURRENT ASSETS					
Debtors	12	146,015		202,826	
Cash at bank and in hand		4,108		3,675	
		150,123		206,501	
CREDITORS: amounts falling due within one year	13	(142,429)		(184,313)	
NET CURRENT ASSETS			7,694		22,188
TOTAL ASSETS LESS CURRENT LIABILITIES			113,230		48,537
CREDITORS: amounts falling due after more than one year	14		(51,815)		(1,122)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(2,801)		-
			58,614		47,415
CAPITAL AND RESERVES					
Called up share capital	16		1,500		1,500
Profit and loss account	17		57,114		45,915
EQUITY SHAREHOLDERS' FUNDS			58,614		47,415

These financial statements were approved by the Board of Directors on 18 May 2001.

Signed on behalf of the Board of Directors

G.M. HAINS

Director

COMPANY BALANCE SHEET
31 March 2000

	Note		31 March 2000		2 April 1999
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9		28,739		6,470
Tangible assets	10		76,797		12,529
Investments	11		8,314		8,083
			113,850		27,082
CURRENT ASSETS					
Debtors	12	148,227		207,919	
Cash at bank and in hand		-		-	
		148,227		207,919	
CREDITORS: amounts falling due within one year	13	(156,865)		(192,846)	
NET CURRENT LIABILITIES			(8,638)		15,073
TOTAL ASSETS LESS CURRENT LIABILITIES			105,212		42,155
CREDITORS: amounts falling due After more than one year	14		(51,815)		(1,122)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(2,801)		-
			50,596		41,033
CAPITAL AND RESERVES					
Called up share capital	16		1,500		1,500
Profit and loss account	17		49,096		39,533
EQUITY SHAREHOLDERS' FUNDS			50,596		41,033

These financial statements were approved by the Board of Directors on 18 MAY 2001.

Signed on behalf of the Board of Directors

G HAINS

Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period 3 April 1999 to 31 March 2000

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
Profit for the financial period	11,199	24,098
Total recognised gains and losses relating to the period	11,199	24,098

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Period 3 April 1999 to 31 March 2000

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
Profit for the financial period	11,199	24,098
Net addition to shareholders' funds	11,199	24,098
Opening shareholders' funds	47,415	23,317
Closing shareholders' funds	58,614	47,415

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

On the acquisition of a company fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised and amortised over its estimated useful life.

Where the fair value of net assets acquired exceeds the cost of acquisition and the consideration is in the form of shares, the difference is treated as a capital reserve.

The company considers CSC Investment Services Management Limited to be a subsidiary from the company's entitlement to 99.9% of any distribution as dividends of the undertaking's profits and also its influence on the undertaking's operating and financial policies.

Turnover

Turnover represents the sales value net of VAT of work carried out in the period.

Intangible fixed assets

Goodwill

Goodwill arising on consolidation is capitalised and amortised over its estimated useful life (typically, fifteen years).

Development costs

These are amortised on a straight line basis over their expected useful lives from the date the product enters commercial exploitation (three to five years).

Set-up costs

The costs of acquiring outsourcing contracts are amortised on a straight line basis over the performance period of the contracts (typically, three to ten years).

Tangible fixed assets

All tangible fixed assets are depreciated on a straight line basis over the following periods:

Furniture and fittings	Five to ten years
Leasehold improvements	Shorter of lease term and ten years
Computer and related equipment	Three to five years or useful life
Buildings	Forty years
Building improvements	Five to ten years
Land	Not depreciable

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

1. ACCOUNTING POLICIES (continued)

Amounts recoverable on contracts

In accordance with Statement of Standard Accounting Practice No. 9, amounts recoverable on contracts are valued at anticipated net sales value after provision for anticipated future losses on contracts.

Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions for liabilities and charges.

Foreign currency

Foreign currency transactions have been translated at the average rates ruling at the dates of the transactions except where the transactions were covered by a forward contract in which case the transactions have been translated at the rates ruling under that contract. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date have been translated at the exchange rates ruling at that date. Any exchange differences are taken to the profit and loss account.

Deferred taxation

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Pension costs

Retirement benefits to employees of the company are funded by contributions from the company and employees. The group operates a pension scheme with two sections:

(i) Defined benefit section

Payments are made to independent investment managers who manage the fund. The expected costs of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the section, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable salaries.

(ii) Defined contribution section

Payments into the defined contribution section are charged to the profit and loss account as they arise.

2. SEGMENTAL INFORMATION

In the opinion of the directors the group's activities, as described in the Directors' Report, can be regarded as a single business segment.

In addition, the group operates in the European Union, which in the opinion of the directors can be regarded as a single geographical market.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
Directors' remuneration		
Emoluments (excluding pension contributions)	1,100	1,261
Company contributions to directors' pensions		
Money purchase section	61	67
	No.	**No.**
Number of directors to whom retirement benefits are accruing under money purchase section	4	3
Number of directors who exercised share options	2	2
	£'000	**£'000**
Remuneration of the highest paid director		
Emoluments (excluding pension contributions)	666	550
Company contributions to money purchase pension section	40	32
The highest paid director also exercised share options during the period		
	£'000	**£'000**
Staff costs during the period (including directors)		
Wages and salaries	194,419	167,798
Social security costs	20,993	17,122
Other pension costs	10,272	7,966
	225,684	192,886
	No.	**No.**
Average number of persons employed		
Managerial and professional	4,197	3,932
Clerical	871	805
	5,068	4,737

4. EXCEPTIONAL ITEM

Included in administrative costs during the current period is an exceptional charge being a retrospective reallocation of Computer Sciences Corporation's global overhead cost covering the last five years. The charge includes £3,712,000 before tax in respect of the current period and £2,618,000 before tax in respect of previous periods.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

5. INVESTMENT INCOME

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
Interest receivable and similar income	1,066	761

6. INTEREST PAYABLE AND SIMILAR CHARGES

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
Group undertakings	565	393
Bank loans and overdrafts	359	42
Finance leases and hire purchase contracts	5	37
	929	472

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
Profit on ordinary activities before taxation is after charging/(crediting):		
Loss on sale of fixed assets	761	3,672
Exceptional item (see note 3)	6,330	
Depreciation:		
Owned assets	6,036	6,292
Assets held under finance leases	1,852	1,029
Amortisation of intangible fixed assets:		
Goodwill	550	575
Other intangible fixed assets	2,098	2,941
Auditors' remuneration:		
Audit fee:		
Group	165	172
Company	132	125
Other services	49	79
Hire of plant and machinery	794	1,000
Other operating leases	13,149	10,554
Foreign currency exchange loss	(56)	67

Auditors' remuneration in respect of other services relates solely to duties performed in the UK.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	3 April 1999 to 31 March 2000 £'000	4 April 1998 to 2 April 1999 £'000
United Kingdom corporation tax charge at 30% (1999 – 31%)	4,587	9,503
Deferred taxation (note 15)	2,801	-
	7,388	9,503
Prior period adjustment:		
- Corporation tax	(138)	(444)
	7,249	9,059

9. INTANGIBLE FIXED ASSETS

The group	Goodwill £'000	Development Costs £'000	Set-up costs £'000	Total £'000
Cost				
At 2 April 1999	8,083	6,368	4,746	19,197
Additions	517	(254)	14,539	14,801
Transfer In	(549)	3,680	245	3,376
Disposals	-	(455)	(202)	(657)
At 31 March 2000	8,051	9,339	19,328	36,718
Accumulated amortisation				
At 2 April 1999	1,006	2,685	1,959	5,650
Charge for the period	550	1,121	977	2,648
Transfer In	1	179	3	183
Disposals	-	(411)	(91)	(502)
At 31 March 2000	1,557	3,574	2,848	7,979
Net book value				
At 31 March 2000	6,494	5,765	16,480	28,739
At 3 April 1999	7,077	3,683	2,787	13,547

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

9. INTANGIBLE FIXED ASSETS (Continued)

The company	Goodwill £'000	Development Costs £'000	Set-up costs £'000	Total £'000
Cost				
At 2 April 1999	-	6,368	4,746	11,114
Additions	285	(254)	14,539	14,570
Transfer In	7,766	3,680	245	11,691
Disposals	-	(455)	(202)	(657)
At 31 March 2000	8,051	9,339	19,328	36,718
Accumulated amortisation				
At 2 April 1999	-	2,685	1,959	4,644
Charge for the period	550	1,121	977	2,648
Transfer In	1,007	179	3	1,189
Disposals	-	(411)	(91)	(502)
At 31 March 2000	1,557	3,574	2,848	7,979
Net book value				
At 31 March 2000	6,494	5,765	16,480	28,739
At 3 April 1999	-	3,683	2,787	6,470

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

10. TANGIBLE FIXED ASSETS

The group	Land and Buildings	Furniture and fittings £'000	Leasehold improve-ments £'000	Computer and related equipment £'000	Total £'000
Cost					
At 2 April 1999		4,154	2,692	41,593	48,439
Additions		3,825	-	7,355	11,180
Transfers in	7,455	9,089	2,302	142,642	161,488
Disposals		(399)	(683)	(13,325)	(14,407)
At 31 March 2000	7,455	16,669	4,311	178,265	206,700
Accumulated depreciation					
At 2 April 1999		3,357	1,573	30,707	35,637
Charge for the period		414	212	7,262	7,888
Transfers in	727	3,246	817	94,444	99,234
Disposals		(306)	(363)	(12,187)	(12,856)
At 31 March 2000	727	6,711	2,239	120,226	129,903
Net book value					
At 31 March 2000	6,728	9,958	2,072	58,039	76,797
At 3 April 1999		797	1,119	10,886	12,802

Included in the above are fully depreciated assets with an original cost of £67,347,146 (1999 - £12,590,176).

Included in computer and related equipment above are assets with a net book value of £2,705,660 (1999 - £510,900) held under finance leases and hire purchase contracts.

The transfer in during the year reflects the acquisition by the group of the tangible fixed asset portfolio of another CSC subsidiary.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

10. TANGIBLE FIXED ASSETS (Continued)

The company	Land and Buildings	Furniture and fittings £'000	Leasehold improve-ments £'000	Computer and related equipment £'000	Total £'000
Cost					
At 2 April 1999		3,755	2,692	41,593	48,040
Additions		3,825	-	7,355	11,180
Transfers in	7,455	9,233	2,302	142,897	161,887
Disposals		(399)	(683)	(13,325)	(14,407)
At 31 March 2000	7,455	16,414	4,311	178,520	206,700
Accumulated depreciation					
At 2 April 1999		3,231	1,573	30,707	35,511
Charge for the period		414	212	7,262	7,888
Transfers in	727	3,339	817	94,477	99,360
Disposals		(306)	(363)	(12,187)	(12,856)
At 2 April 1999	727	6,678	2,239	120,259	129,903
Net book value					
At 31 March 2000	6,728	9,736	2,072	58,261	76,797
At 3 April 1999		524	1,119	10,886	12,529

Included in the above are fully depreciated assets with an original cost of £67,347,146 (1999 - £12,590,176).

Included in computer and related equipment above are assets with a net book value of £2,705,660 (1999 - £510,900) held under finance leases and hire purchase contracts.

The transfer in during the year reflects the acquisition by the company of the tangible fixed asset portfolio of another CSC subsidiary.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

11. INVESTMENTS HELD AS FIXED ASSETS

The company	31 March 2000 £	2 April 1999 £
Shares in group undertakings – subsidiaries		
Cost (less provision for permanent diminution in value)	8,314,214	8,083,425

Further information on subsidiaries:

Name	Country of incorporation/ Registration	Activity	Proportion of ordinary share held %
CSC Investment Services Management Limited	Great Britain	Computer Services	75.0
Inforem plc	Great Britain	Dormant	100.0
Kalchas Limited	Great Britain	Dormant	100.0
Computer Sciences Corporation Continuum – Informatica Lda	Portugal	Computer Services	5.0
CSC Computer Scences Italia S.p.A.	Italy	Computer Services	0.5

In the opinion of the directors, the aggregate value of the shares in and the amounts arising from the subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

12. DEBTORS

	Group		Company	
	31 March 2000 £'000	2 April 1999 £'000	31 March 2000 £'000	2 April 1999 £'000
Trade debtors	48,821	44,053	46,089	39,782
Amounts recoverable on contracts	30,016	15,458	27,329	13,881
Amounts owed by parent company and fellow subsidiary undertakings	49,752	128,190	57,507	139,611
Corporation tax recoverable	3,174	-	3,440	-
Other debtors	6,988	3,247	6,794	2,976
Prepayments	7,264	11,878	7,068	11,669
	146,015	202,826	148,227	207,919

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 March 2000 £'000	2 April 1999 £'000	31 March 2000 £'000	2 April 1999 £'000
Bank loans and overdrafts	-	-	13,004	12,956
Obligations under finance leases and hire purchase contracts (note 19)	1,217	471	1,217	471
Trade creditors	34,182	44,995	34,182	44,702
Amounts owed to parent company and fellow subsidiary undertakings	26,315	45,084	29,502	45,126
Taxation and social security	9,474	6,430	9,228	6,137
Corporation tax payable	-	8,712	-	6,007
Other creditors	6,456	12,118	5,731	11,439
Accruals and deferred income	64,785	66,503	64,001	66,008
	142,429	184,313	156,865	192,846

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

	Group		Company	
	31 March 2000 £'000	2 April 1999 £'000	31 March 2000 £'000	2 April 1999 £'000
Obligations under finance leases and hire purchase contracts (note 19)	1,329	-	1,329	-
Other creditors	-	1,122	-	1,122
Amount owed to parent company and fellow subsidiary undertakings	50,486	-	50,486	-
	51,815	1,122	51,815	1,122

Other creditors represent deferred consideration payable on the acquisition of Kalchas Limited.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	31 March 2000 £'000	2 April 1999 £'000	31 March 2000 £'000	2 April 1999 £'000
Deferred tax				
Deferred taxation movements for the period:				
Opening balance	-	-	-	-
Current period charge (note 8)	2,801	-	2,801	-
Closing balance	2,801	-	2,801	-

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

Group and Company	Provided 31 March 2000 £'000	Provided 2 April 1999 £'000	Not Provided 31 March 2000 £'000	Not Provided 2 April 1999 £'000
Capital allowances in excess of depreciation	4,452	-	-	-
Other timing differences	(1,651)	-	-	-
	2,801	-	-	-

16. CALLED UP SHARE CAPITAL

	31 March 2000 £'000	2 April 1999 £'000
Authorised:		
25,000 ordinary shares of £100 each	2,500	2,500
Called up, allotted and fully paid:		
15,001 ordinary shares of £100 each	1,500	1,500

17. STATEMENT OF MOVEMENT ON RESERVES

Group	Profit and loss account £'000	Total £'000
Balance at 2 April 1999	45,915	45,915
Retained profit for the period	11,199	11,199
Balance at 31 March 2000	57,114	57,114
Company		
Balance at 2 April 1999	39,533	39,533
Retained profit for the period	9,563	9,563
Balance at 31 March 2000	49,096	49,096

18. PROFIT AND LOSS ACCOUNT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The profit after tax of the parent company of £9,563,000 (1999 - profit of £20,728,000) is included in the profit for the period.

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

19. LEASE COMMITMENTS

Operating leases

At 31 March 2000 the group was committed to making the following payments during the next year in respect of operating leases:

	31 March 2000 Land and Buildings £'000	31 March 2000 Other £'000	2 April 1999 Land and Buildings £'000	2 April 1999 Other £'000
Leases which expire:				
Within one year	349	1,561	27	1,731
Within two to five years	4,396	2,843	3,691	3,161
After five years	3,372	-	4,742	-
	8,117	4,404	8,460	4,892

At 31 March 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	31 March 2000 Land and Buildings £'000	31 March 2000 Other £'000	2 April 1999 Land and Buildings £'000	2 April 1999 Other £'000
Leases which expire:				
Within one year	349	1,561	27	1,731
Within two to five years	4,396	2,843	3,508	3,048
After five years	3,372	-	4,742	-
	8,117	4,404	8,277	4,779

Finance leases and hire purchase obligations

At 31 March 2000 the group and the company was committed to making the following payments in respect of finance leases and hire purchase obligations:

	31 March 2000 £'000	2 April 1999 £'000
Minimum lease payments due:		
Within one year	1,339	476
Within two to five years	1,390	-
	2,729	476
Finance charges allocated to future periods	(183)	(5)
	2,546	471

NOTES TO THE ACCOUNTS
Period 3 April 1999 to 31 March 2000

20. CAPITAL COMMITMENTS

	Group		Company	
	31 March 2000 £'000	2 April 1999 £'000	31 March 2000 £'000	2 April 1999 £'000
Contracted for but not provided	4,954	15,980	4,954	15,980

21. PENSION SCHEME

The group operates a pension scheme for certain employees. The assets of the scheme are held in separate trustee administered funds. The scheme is subject to regular valuation by independent actuaries. The last valuation was carried out on 1 April 2000, using the projected unit method, in which the following actuarial assumptions were made:

Investment returns	pre retirement 7% per annum
	post retirement 6% per annum
Salary growth	4.5% per annum

At the last actuarial valuation date, the market value of the assets of the defined benefit section of the scheme was stated to be £251,254,000 and this actuarial valuation of the assets was sufficient to cover 95.8% of the benefits which had accrued to members of the defined benefit section, after allowing for expected future increases in salaries.

The pension charge in the consolidated profit and loss account in respect of both this section and the defined contribution section of the scheme includes £61,000 (1999 - £67,000) relating to directors and £10,211,000 (1999 - £7,899,000) relating to other employees.

22. CASH FLOW STATEMENT

As a wholly owned subsidiary of Computer Sciences Corporation, whose group financial statements contain a cash flow statement, the company avails itself of the exemption from the requirement to produce a cash flow statement.

23. RELATED PARTY TRANSACTIONS

The company is availing itself of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with group companies.

24. ULTIMATE PARENT COMPANY

The company's ultimate parent company and controlling entity is Computer Sciences Corporation, a company incorporated in the United States of America. The parent undertaking of the smallest group which includes the company and for which group accounts are prepared is Computer Sciences UK Limited (formerly CSC Consulting Limited), a company registered in England and Wales.

Copies of the financial statements of Computer Sciences UK Limited are available from 279 Farnborough Road, Farnborough, Hampshire GU14 7LS.

Copies of the group financial statements of Computer Sciences Corporation are available from 2100 East Grand Avenue, El Segundo, California 90245, USA.