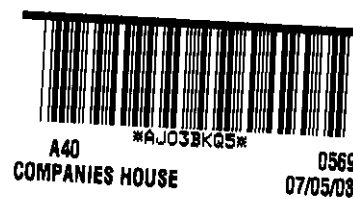


CSC COMPUTER SCIENCES LIMITED

Report and Financial Statements

29 March 2002

**Deloitte & Touche
London**



REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated statement of total recognised gains and losses	9
Reconciliation of movements in consolidated shareholders' funds	9
Notes to the accounts	10

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Archer		
G M Hains		
I S Hickson	(resigned 31 March 2003)	
G Bell	(appointed 28 March 2003)	
V B Honeycutt		(US citizen)
M W Laphen	(resigned 28 March 2003)	(US citizen)
L J Level		(US citizen)

SECRETARY

D J Edwards

REGISTERED OFFICE

Royal Pavilion
Wellesley Road
Aldershot
Hampshire
GU11 1PZ

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
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 31 March 2001 to 29 March 2002.

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 (2001 – nil). The retained profit of the group for the period amounted to £24,487,000 (2001 - £2,659,000). As a result of this, the group profit and loss account carried forward is £91,207,000 (2001 - £66,720,000).

REVIEW OF BUSINESS

A summary of the group's results of the period's trading is given on page 6 of the financial statements.

Turnover has increased by 11.2 % during the period to £747,357,000 (2001 - £672,208,000).

Acquisitions and disposals

On 31 March 2001 the group acquired a 100% shareholding in CSC Financial Services Limited from its immediate parent company Computer Sciences UK Limited. This group reconstruction has been accounted for using merger accounting principles. The prior year comparatives in the consolidated accounts have been restated to include the results of CSC Financial Services Limited and its subsidiaries.

The business and trade and assets of CSC Financial Services Limited was transferred to CSC Computer Sciences Limited on 28 September 2001.

On 31 March 2001 the group acquired a 100% shareholding in CSC Automotive Services Limited (formerly Softlab Limited), together with a related outsource contract, from BMW (UK) Holdings Limited.

In the financial year, CSC Computer Sciences Limited disposed of its retail insurance business, with the exception of two commercial contracts.

Subsequent events

On 21 August 2002, Inforem Plc, a subsidiary of the company, was re-registered as a private limited company, Inforem Limited.

FUTURE DEVELOPMENTS

The group is a leading supplier of computing services in the UK and plans to continue its expansion through organic growth of the current business, further acquisitions, additional major outsourcing contracts and development of e-commerce services.

DIRECTORS AND THEIR INTERESTS

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

The directors throughout the period and subsequently were:

K Archer		
G M Hains		
I S Hickson	(resigned 31 March 2003)	
G Bell	(appointed 28 March 2003)	
V B Honeycutt		(US citizen)
M W Laphen	(resigned 28 March 2003)	(US citizen)
L J Level		(US citizen)

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

DIRECTORS' REPORT

DONATIONS

During the period the group made charitable donations of £55,863 (2001 - £57,802).

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 29 March 2002 were 56.8 days (2001 - 37.9 days), calculated in accordance with the requirements set down in the Companies Act 1985.

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

1 May 2003

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 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 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 the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC COMPUTER SCIENCES LIMITED

We have audited the financial statements of CSC Computer Sciences Limited for the period from 31 March 2001 to 29 March 2002 which comprise the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses, the reconciliation of movements in consolidated shareholders' funds and the related notes 1 to 25. 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 period and consider the implications for our report if we become aware of any apparent misstatements.

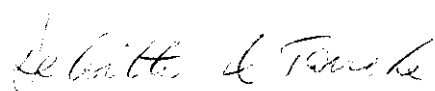
Basis of audit opinion

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.

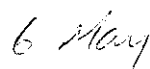
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 and of the group as at 29 March 2002 and of the profit of the group for the period from 31 March 2001 to 29 March 2002 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte and Touche
Chartered Accountants and Registered Auditors
London



2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period 31 March 2001 to 29 March 2002

	Note	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
TURNOVER: continuing operations	1,2	747,357	672,208
Cost of sales		(640,218)	(536,812)
Gross profit		107,139	135,396
Administrative expenses		(79,340)	(128,298)
Other operating income		-	101
OPERATING PROFIT: continuing operations		27,799	7,199
Profit on disposal of operations	4	8,287	-
OPERATING PROFIT BEFORE INTEREST		36,086	7,199
Interest receivable and similar income		4,131	1,865
Interest payable and similar charges	6	(6,581)	(2,452)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	33,636	6,612
Tax charge on profit on ordinary activities	8	(9,149)	(3,953)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		24,487	2,659
PROFIT FOR THE FINANCIAL PERIOD	18	24,487	2,659

The consolidated profit and loss account for the year ended 30 March 2001 has been restated for the adoption of FRS19 (see note 16), and for the effects of merger accounting (see notes 3 and 18).

CONSOLIDATED BALANCE SHEET
29 March 2002

	Note	29 March 2002 £'000	30 March 2001 £'000
FIXED ASSETS			
Intangible assets	9	13,247	15,826
Tangible assets	10	115,128	99,477
Investments	11	11	-
		<u>128,386</u>	<u>115,303</u>
CURRENT ASSETS			
Stock	12	38,657	12,648
Debtors			
- due within one year	13	316,836	280,757
- due after one year	13	6,000	-
Cash at bank and in hand		12,508	33,092
		<u>374,001</u>	<u>326,497</u>
CREDITORS: amounts falling due within one year	14	<u>(351,357)</u>	<u>(320,173)</u>
NET CURRENT ASSETS		<u>22,644</u>	<u>6,324</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		151,030	121,627
CREDITORS: amounts falling due after more than one year	15	<u>(58,291)</u>	<u>(53,375)</u>
NET ASSETS		<u>92,739</u>	<u>68,252</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,500	1,500
Capital reserve	18	32	32
Profit and loss account	18	91,207	66,720
EQUITY SHAREHOLDERS' FUNDS		<u>92,739</u>	<u>68,252</u>

The consolidated balance sheet as at 30 March 2001 has been restated for the adoption of FRS19 (see note 16), and for the effects of merger accounting (see notes 3 and 18).

These financial statements were approved by the Board of Directors on 1 May 2003.

Signed on behalf of the Board of Directors



K. Archer
Director

COMPANY BALANCE SHEET
29 March 2002

	Note	29 March 2002 £'000	30 March 2001 £'000
FIXED ASSETS			
Intangible assets	9	9,149	12,656
Tangible assets	10	110,543	87,727
Investments	11	18,182	11,557
		<u>137,874</u>	<u>111,940</u>
CURRENT ASSETS			
Stock	12	30,358	12,313
Debtors			
- due within one year	13	315,654	202,530
- due after one year	13	6,000	-
Cash at bank and in hand		-	31,522
		<u>352,012</u>	<u>246,365</u>
CREDITORS: amounts falling due within one year	14	<u>(366,701)</u>	<u>(243,740)</u>
NET CURRENT LIABILITIES		<u>(14,689)</u>	<u>2,625</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>123,185</u>	<u>114,565</u>
CREDITORS: amounts falling due After more than one year	15	(57,567)	(53,375)
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(472)
NET ASSETS		<u>65,618</u>	<u>60,718</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,500	1,500
Profit and loss account	18	64,118	59,218
EQUITY SHAREHOLDERS' FUNDS		<u>65,618</u>	<u>60,718</u>

The company balance sheet as at 30 March 2001 has been restated for the adoption of FRS19 (see note 16), and for the effects of merger accounting (see notes 3 and 18).

These financial statements were approved by the Board of Directors on 1 May 2003.

Signed on behalf of the Board of Directors



K. Archer
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period 31 March 2001 to 29 March 2002

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
Profit for the financial period	24,487	2,659
Total recognised gains and losses relating to the period	24,487	2,659
Adoption of FRS 19	828	
Reserves of merged company	(4,554)	
Total recognised gains and losses since the last annual report	20,761	

The statement of total recognised gains and losses for the year ended 30 March 2001 has been restated for the adoption of FRS19 (see note 16), and for the effects of merger accounting (see notes 3 and 18).

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS**Period 31 March 2001 to 29 March 2002**

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
Profit for the financial period	24,487	2,659
Net addition to shareholders' funds	24,487	2,659
Opening shareholders' funds	68,252	65,593
Closing shareholders' funds	92,739	68,252

The reconciliation of movements in shareholders' funds for the year ended 30 March 2001 has been restated for the adoption of FRS19 (see note 16), and for the effects of merger accounting (see notes 3 and 18).

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards, other than the application of merger accounting in the circumstances referred to below. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and on the 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.

Group reconstructions are accounted for using merger accounting principles. These transactions may not meet all of the conditions for merger accounting under the Companies Act 1985, namely that the fair value of any non-equity consideration must not exceed 10% of the nominal value of equity shares issued. However, the Directors consider that the alternative approach of acquisition accounting, with the restatement of separable assets and liabilities to fair values, the creation of goodwill and inclusion of post-reorganisation results only, would not give a true and fair view of the Group's results and financial position.

The company considers CSC Information Systems 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.

Contract work in progress

Costs on outsourcing contracts are generally expensed as incurred. However, certain costs incurred upon the initiation of an outsourcing contract are deferred and expensed on a straight-line basis over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes. These costs are recorded as contract work in progress on the balance sheet.

Costs incurred for bid and proposal activity are expensed as incurred.

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), except where they are categorised as contract work in progress.

NOTES TO THE ACCOUNTS**Period 31 March 2001 to 29 March 2002****1. ACCOUNTING POLICIES (continued)****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 impairment.

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

The company and group have adopted FRS19 'Deferred Tax'. Under FRS19 deferred taxation is provided in full on timing differences that 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 based 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.

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.

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002**1. ACCOUNTING POLICIES (continued)****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.

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.

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.

3. ACQUISITIONS

On 31 March 2001 the group acquired a 100% shareholding in CSC Financial Services Limited from its immediate parent company Computer Sciences UK Limited. The business and trade and assets of CSC Financial Services Limited was transferred to CSC Computer Sciences Limited on 28 September 2002.

This group reconstruction has been accounted for using merger accounting principles in order to meet the overriding requirement under section 227(6) of the Companies Act 1985 for financial statements to present a true and fair view. The transaction did not meet one of the conditions for merger accounting under the Companies Act 1985, namely that the fair value of any non-equity consideration must not exceed 10% of the nominal value of equity shares issued. However, the Directors consider that the alternative approach of acquisition accounting, with the restatement of separable assets and liabilities to fair values, the creation of goodwill and inclusion of post-reorganisation results only, would not give a true and fair view of the Group's results and financial position. The substance of the transaction was a group reconstruction.

The prior year comparatives in the consolidated accounts have been restated to recognise the acquisition of CSC Financial Services Limited and its subsidiaries in the financial year.

On 31 March 2001 the group acquired a 100% shareholding in CSC Automotive Services Limited (formerly Softlab Limited), together with a related outsource contract, from BMW (UK) Holdings Limited.

NOTES TO THE ACCOUNTS

Period 31 March 2001 to 29 March 2002

4. DISPOSALS

On 29 March 2002 the group disposed of its retail insurance business, with the exception of two commercial contracts. The total consideration receivable for the disposal is £18,700,000, of which £16,700,000 was received in cash on 26 April 2002, with the remaining £2,000,000 receivable in installments in the period to March 2005. The profit arising on the disposal was £6,000,000.

On 30 November 2001 the group disposed of certain IT outsourcing contracts acquired as part of the BNFL contract. The consideration received for this disposal was £2,700,000 in cash. The profit arising on the disposal was £2,270,000.

These disposals have not had a material effect on the nature and focus of the group's operations, and accordingly, the results of these operations have been not been separately disclosed as discontinued operations in the profit and loss account.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
Directors' remuneration		
Emoluments (excluding pension contributions)	1,805	2,158
Company contributions to directors' pensions		
Money purchase section	8	35
	No.	No.
Number of directors to whom retirement benefits are accruing under money purchase section	2	6
Number of directors who exercised share options	-	11
	£'000	£'000
Remuneration of the highest paid director		
Emoluments (excluding pension contributions)	486	450
Company contributions to money purchase pension section	5	-
The highest paid director did not exercise share options during the period		
Staff costs during the period (including directors)		
Wages and salaries	281,671	238,925
Social security costs	30,509	22,138
Other pension costs	31,390	20,172
	343,570	281,235
	No.	No.
Average number of persons employed		
Managerial and professional	6,648	5,750
Clerical	1,675	1,222
	8,323	6,972

NOTES TO THE ACCOUNTS**Period 31 March 2001 to 29 March 2002****6. INTEREST PAYABLE AND SIMILAR CHARGES**

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
Interest payable on loans with group undertakings	4,027	1,439
Bank loans and overdrafts	1,987	747
Finance leases and hire purchase contracts	527	266
Other	40	-
	<u>6,581</u>	<u>2,452</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
Profit on ordinary activities before taxation is after charging/(crediting):		
Loss/(profit) on sale of fixed assets	2,075	(99)
Exceptional item re. Development costs in Continuum Direct Limited	-	867
Depreciation:		
Owned assets	42,149	30,160
Assets held under finance leases and hire purchase contracts	4,783	2,096
Amortisation of intangible fixed assets:		
Goodwill	1,592	1,064
Other intangible fixed assets	1,856	4,952
Auditors' remuneration:		
Audit fee:		
Company	230	139
Other group companies	78	111
Other services	77	158
Hire of plant and machinery	10,310	2,529
Other operating leases	16,526	15,154
Foreign currency exchange loss	1,069	1,240
	<u></u>	<u></u>

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

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

Group

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
<i>Current tax</i>		
UK corporation tax at 30%	10,918	6,993
Adjustment in respect of prior years	(251)	(167)
Group relief payable	1,988	(129)
Total current tax charge	<u>12,655</u>	<u>6,697</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(3,856)	(2,744)
Adjustment in respect of prior years	350	-
Total deferred tax charge/(credit)	<u>(3,506)</u>	<u>(2,744)</u>
Tax on profit on ordinary activities	<u>9,149</u>	<u>3,953</u>

Reconciliation to total current tax charge:

	31 March 2001 to 29 March 2002 £'000	1 April 2000 to 30 March 2001 £'000
Profit on ordinary activities before taxation	33,636	6,612
Profit before tax at 30%	10,091	1,984
Permanent differences	(421)	1,123
Accelerated capital allowances	3,710	3,649
Short term timing differences	(474)	108
Prior period adjustments	(251)	(167)
Total current tax charge	<u>12,655</u>	<u>6,697</u>

The company has adopted FRS 19 "Deferred Taxation" during the year. This has resulted in a decrease in the tax charge in the current year of £6,782 (2001 – decrease of £407,793). Further details of the impact of the adoption of FRS 19 are shown in note 16.

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002**9. INTANGIBLE FIXED ASSETS**

The group	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 31 March 2001	14,752	9,781	24,533
Additions	1,557	68	1,625
Disposals	-	(3,494)	(3,494)
At 29 March 2002	16,309	6,355	22,664
Accumulated amortisation			
At 31 March 2001	3,663	5,044	8,707
Charge for the period	1,592	1,856	3,448
Disposals	-	(2,738)	(2,738)
At 29 March 2002	5,255	4,162	9,417
Net book value			
At 29 March 2002	11,054	2,193	13,247
At 30 March 2001	11,089	4,737	15,826

The company	Goodwill £'000	Development Costs £'000	Total £'000
Cost			
At 31 March 2001	13,214	7,114	20,328
Additions	-	68	68
Disposals	-	(3,158)	(3,158)
At 29 March 2002	13,214	4,024	17,238
Accumulated amortisation			
At 31 March 2001	3,198	4,474	7,672
Charge for the period	1,245	1,593	2,838
Disposals	-	(2,421)	(2,421)
At 29 March 2002	4,443	3,646	8,089
Net book value			
At 29 March 2002	8,771	378	9,149
At 30 March 2001	10,016	2,640	12,656

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002

10. TANGIBLE FIXED ASSETS

The group	Land and buildings £'000	Furniture and fittings £'000	Leasehold improve- ments £'000	Computer and related equipment £'000	Total £'000
Cost					
At 31 March 2001	7,904	17,720	8,784	226,944	261,352
Additions	6,215	1,041	1,143	62,115	70,514
Disposals	(12)	(738)	(1,444)	(13,754)	(15,948)
At 29 March 2002	14,107	18,023	8,483	275,305	315,918
Accumulated depreciation					
At 31 March 2001	1,012	8,204	3,741	148,918	161,875
Charge for the period	717	1,829	1,527	42,859	46,932
Disposals	(2)	(536)	(1,135)	(6,344)	(8,017)
At 29 March 2002	1,727	9,497	4,133	185,433	200,790
Net book value					
At 29 March 2002	12,380	8,526	4,350	89,872	115,128
At 30 March 2001	6,892	9,274	6,929	76,382	99,477

Included in the above are fully depreciated assets with an original cost of £122,212,247 (2001 - £94,075,458).

Included in computer and related equipment above are assets with a net book value of £10,869,133 (2001 - £1,366,882) 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 31 March 2001 to 29 March 2002

10. TANGIBLE FIXED ASSETS (Continued)

The company	Land and buildings £'000	Furniture and fittings £'000	Leasehold improve- ments £'000	Computer and related equipment £'000	Total £'000
Cost					
At 31 March 2001	7,904	16,490	7,293	211,785	243,472
Additions	6,215	1,039	1,036	60,230	68,520
Disposals	(12)	(564)	(103)	(12,144)	(12,823)
Transfers	-	933	53	5,900	6,886
At 29 March 2002	14,107	17,898	8,279	265,771	306,055
Accumulated depreciation					
At 31 March 2001	1,012	7,303	3,047	144,383	155,745
Charge for the period	718	1,789	1,004	38,276	41,787
Disposals	(2)	(318)	(36)	(4,813)	(5,169)
Transfers	-	668	38	2,443	3,149
At 29 March 2002	1,728	9,442	4,053	180,189	195,512
Net book value					
At 29 March 2002	12,379	8,456	4,226	85,482	110,543
At 30 March 2001	6,892	9,187	4,246	67,402	87,727

Included in the above are fully depreciated assets with an original cost of £121,349,387 (2001 - £94,075,458).

Included in computer and related equipment above are assets with a net book value of £10,869,133 (2001 - £1,366,882) 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.

11. INVESTMENTS HELD AS FIXED ASSETS

Shares in group undertakings

	Group £'000	Company £'000
Cost		
At 31 March 2001	-	13,328
Additions	11	10,540
	11	23,868
Provision for impairment in value		
At 31 March 2001	-	1,771
Charge for the period	-	3,915
At 29 March 2002	-	5,686
Net book value		
At 29 March 2002	11	18,182
At 31 March 2001	-	11,557

NOTES TO THE ACCOUNTS**Period 31 March 2001 to 29 March 2002****11. INVESTMENTS HELD AS FIXED ASSETS (continued)**

Further information on shares in group undertakings:

Name	Country of incorporation/ Registration	Activity	Proportion of ordinary share held %
CSC Investment Services Management Limited	Great Britain	Dormant	100.0
Inforem Limited	Great Britain	Dormant	100.0
Kalchas Limited	Great Britain	Dormant	100.0
Computer Sciences Corporation Continuum – Informatica Lda	Portugal	Computer Services	5.0
I.T. Services Ltd	Great Britain	Dormant	100.0
I.T.S Groupware Limited	Great Britain	Dormant	100.0
CSC Information Systems Limited (formerly Pearl Group Services Ltd)	Great Britain	Computer Services	75.0
CSC Computer Sciences Italia S.p.A.	Italy	Computer Services	0.5
CSC Automotive Services Limited	Great Britain	Computer Services	100.0
CSC Financial Services Limited	Great Britain	Computer Services	100.0
Computer Sciences Corporation Services (Pty) Limited	South Africa	IT Consultancy	100.0
Continuum Direct Limited	Great Britain	Computer Services	100.0
Key Choice Insurance Marketing Limited	Great Britain	Computer Services	100.0
CSC Services No 2 Limited (formerly Key Choice Independent Financial Services Limited)	Great Britain	Business Process Outsource (BPO)	100.0
CSC Services No 1 Limited	Great Britain	BPO	100.0
North Park Computer Services Limited	Great Britain	Dormant	100.0
Eurosure Insurance Marketing Limited	Great Britain	Dormant	100.0
Fides Software Limited	Great Britain	Dormant	100.0
Ra Financial Systems Limited	Great Britain	Dormant	100.0

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. STOCK

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Stock	1,487	-	1,487	-
Contract work in progress	37,170	12,648	28,871	12,313
	<u>38,657</u>	<u>12,648</u>	<u>30,358</u>	<u>12,313</u>

Certain costs incurred upon the initiation of an outsourcing contract are deferred as contract work in progress, and expensed on a straight-line basis over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes.

NOTES TO THE ACCOUNTS**Period 31 March 2001 to 29 March 2002****13. DEBTORS****Amounts falling due within one year**

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Trade debtors	74,812	69,233	69,689	54,347
Amounts recoverable on contracts	25,168	44,846	19,608	20,980
Amounts owed by parent company and other group undertakings	152,473	130,688	165,890	93,939
Deferred taxation asset	3,862	356	2,964	-
Corporation tax recoverable	-	440	-	-
Other debtors	13,721	419	13,071	1,266
Prepayments	46,800	34,775	44,432	31,998
	<u>316,836</u>	<u>280,757</u>	<u>315,654</u>	<u>202,530</u>

Amounts falling due after one year

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Other debtors	6,000	-	6,000	-
	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Bank loans and overdrafts	30,272	-	30,272	-
Obligations under finance leases and hire purchase contracts (note 19)	11,027	2,500	11,027	2,500
Trade creditors	74,370	26,889	73,722	26,859
Amounts owed to parent company and other group undertakings	123,076	170,349	152,712	112,565
Taxation and social security	12,200	11,370	11,958	10,090
Corporation tax payable	14,679	5,383	9,224	5,225
Other creditors	9,271	10,072	9,245	8,962
Accruals and deferred income	76,462	93,610	68,541	77,539
	<u>351,357</u>	<u>320,173</u>	<u>366,701</u>	<u>243,740</u>

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002

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

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Obligations under finance leases and hire purchase contracts (note 20)	7,081	2,889	7,081	2,889
Amount owed to parent company and fellow subsidiary undertakings	51,210	50,486	50,486	50,486
	<u>58,291</u>	<u>53,375</u>	<u>57,567</u>	<u>53,375</u>

16. DEFERRED TAXATION

The deferred tax (assets)/provisions are:

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Deferred tax				
Deferred taxation movements for the period:				
Opening balance	(356)	2,388	472	2,801
Current period (credit)/charge (note 8)	<u>(3,506)</u>	<u>(2,744)</u>	<u>(3,436)</u>	<u>(2,329)</u>
Closing balance	<u>(3,862)</u>	<u>(356)</u>	<u>(2,964)</u>	<u>472</u>

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

	Provided 29 March 2002 £'000	Provided 30 March 2001 £'000	Not Provided 29 March 2002 £'000	Not Provided 30 March 2001 £'000
Group				
Capital allowances in excess of depreciation	(3,569)	413	-	-
Other timing differences	(293)	(769)	-	-
Short term timing differences	-	-	-	-
	<u>(3,862)</u>	<u>(356)</u>	<u>-</u>	<u>-</u>
	Provided 29 March 2002 £'000	Provided 30 March 2001 £'000	Not Provided 29 March 2002 £'000	Not Provided 30 March 2001 £'000
Company				
Capital allowances in excess of depreciation	(2,671)	1,183	-	-
Other timing differences	(293)	(711)	-	-
Short term timing differences	-	-	-	-
	<u>(2,964)</u>	<u>472</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002**16. DEFERRED TAXATION (CONTINUED)**

Movement in the period:

	Group £	Company £
2001 as previously reported	472	472
Adoption of FRS 19 at 1 April 2000	(411)	-
During year ended 30 March 2001	(417)	-
Adoption of FRS 19 at 30 March 2001	(356)	472
Amount credited to profit and loss account	(3,506)	(3,436)
At 29 March 2002	<u>(3,862)</u>	<u>(2,964)</u>

17. CALLED UP SHARE CAPITAL

	29 March 2002 £'000	30 March 2001 £'000
Authorised: 25,000 ordinary shares of £100 each	<u>2,500</u>	<u>2,500</u>
Called up, allotted and fully paid: 15,001 ordinary shares of £100 each	<u>1,500</u>	<u>1,500</u>

18. STATEMENT OF MOVEMENT ON RESERVES

Group	Capital Reserve £'000	Profit and loss account £'000	Total £'000
Balance at 30 March 2001 as previously reported	-	70,446	70,446
Adoption of FRS 19	-	828	828
Reserves of merged company	32	(4,554)	(4,522)
Balance at 30 March 2001 as restated	32	66,720	66,752
Retained profit for the period	-	24,487	24,487
Balance at 29 March 2002	<u>32</u>	<u>91,207</u>	<u>91,239</u>
Company			
Balance at 30 March 2001 as previously reported	-	59,218	59,218
Adoption of FRS 19	-	-	-
Balance at 30 March 2001 as restated	-	59,218	59,218
Retained profit for the period	-	4,900	4,900
Balance at 29 March 2002	<u>-</u>	<u>64,118</u>	<u>64,118</u>

NOTES TO THE ACCOUNTS
Period 31 March 2001 to 29 March 2002**19. 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 £4,900,000 (2001 - profit of £10,121,000) is included in the group's profit for the period.

20. LEASE COMMITMENTS**Operating leases**

At 29 March 2002 the group was committed to making the following payments during the next year in respect of operating leases:

	29 March 2002	29 March 2002	30 March 2001	30 March 2001
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Leases which expire:				
Within one year	1,384	1,631	11	622
Within two to five years	4,048	2,955	5,114	4,302
After five years	4,582	-	3,864	46
	<u>10,014</u>	<u>4,586</u>	<u>8,989</u>	<u>4,970</u>

At 29 March 2002 the company was committed to making the following payments during the next year in respect of operating leases:

	29 March 2002	29 March 2002	30 March 2001	30 March 2001
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	1,373	1,178	-	510
Within two to five years	3,864	2,955	4,812	4,133
After five years	4,581	-	3,048	-
	<u>9,818</u>	<u>4,133</u>	<u>7,860</u>	<u>4,643</u>

NOTES TO THE ACCOUNTS**Period 31 March 2001 to 29 March 2002****20. LEASE COMMITMENTS (CONTINUED)****Finance leases and hire purchase obligations**

At 29 March 2002 the group and the company was committed to making the following payments in respect of finance leases and hire purchase obligations:

	29 March 2002 £'000	30 March 2001 £'000
Minimum lease payments due:		
Within one year	11,191	2,756
Within two to five years	7,154	3,019
	<u>18,345</u>	<u>5,775</u>
Finance charges allocated to future periods	(237)	(386)
	<u><u>18,108</u></u>	<u><u>5,389</u></u>

21. CAPITAL COMMITMENTS

	Group		Company	
	29 March 2002 £'000	30 March 2001 £'000	29 March 2002 £'000	30 March 2001 £'000
Contracted for but not provided	<u>29,571</u>	<u>10,614</u>	<u>29,395</u>	<u>6,214</u>

22. PENSION COMMITMENTS

The company provides pensions to certain employees through a pension scheme providing benefits based on final pensionable pay.

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 £8,000 (2001 - £32,000) relating to directors and £31,390,000 (2001 - £20,140,000) relating to other employees.

The pension cost is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was as at 1 April 2000 and used the projected unit method. The main actuarial assumptions were that salaries would increase by 4.5% p.a. and the return on scheme investments would be 7% p.a. in the pre-retirement period and 6% in the post-retirement period.

At the date of the latest actuarial valuation the market value of the assets of the scheme was £251,254,000 and the actuarial value of the assets was sufficient to cover 95.8% of the benefits that had accrued to members after allowing for expected future increases in earnings.

NOTES TO THE ACCOUNTS**Period 31 March 2001 to 29 March 2002****22. PENSION COMMITMENTS (CONTINUED)****FRS 17 disclosures**

In November 2000 the Accounting Standards Board issued FRS 17 "Retirement Benefits" replacing SSAP 24 "Accounting for Pension Costs". FRS 17 is fully effective for periods ending on or after 22 June 2003, though certain disclosures are required in the transition period, for periods ending on or after 22 June 2001. These further disclosures are included below.

The actuarial valuation of the pension scheme was updated to 29 March 2002. The principal actuarial assumptions used as at 29 March 2002 are shown below:

	%
Rate of increase in salaries	4.0
Rate of increase of pensions in payment	2.5
Discount rate	6.0
Inflation assumption	2.5

The assets and liabilities of the pension scheme at 29 March 2002, along with the expected rates of return on scheme assets are shown below:

	%	£'000
Equities	8	225,833
Bonds	6	74,060
Cash and other assets	5	-
		<hr/>
Total market value of assets		299,893
Actuarial value of liabilities		(329,320)
		<hr/>
Deficit in the scheme		(29,427)
Related deferred tax asset		8,828
		<hr/>
		(20,599)
		<hr/> <hr/>

Had the company adopted FRS17 early, the profit and loss reserves would have been stated as follows:

	29 March 2001 £'000
Profit and loss reserve in the financial statements at 29 March 2002	91,207
FRS 17 deficit in relation to the pension scheme	(20,599)
	<hr/>
Profit and loss reserve as adjusted	70,608
	<hr/> <hr/>

23. 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.

NOTES TO THE ACCOUNTS

Period 31 March 2001 to 29 March 2002

24. 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.

25. 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. This is the parent undertaking of the largest group which includes the company and for which group accounts are prepared. Copies of the group financial statements of Computer Sciences Corporation are available from 2100 East Grand Avenue, El Segundo, California 90245, USA. The parent company 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 incorporated in Great Britain. Copies of the financial statements of Computer Sciences UK Limited are available from Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ.