Company Registration No. 00963578

CSC COMPUTER SCIENCES LIMITED

Report and Financial Statements

28 March 2003

Deloitte & Touche LLP
London

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CSC COMPUTER SCIENCES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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CSC COMPUTER SCIENCES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Archer		
G Bell		(appointed 28 March 2003)
G M Hains		
I S Hickson		(resigned 31 March 2003)
K Wilman		(appointed 10 June 2003)
V B Honeycutt	(US citizen)	
M W Laphen	(US citizen)	(resigned 28 March 2003)
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 LLP
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 30 March 2002 to 28 March 2003.

ACTIVITIES

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

RESULTS AND DIVIDENDS

The retained profit of the group for the period amounted to £33,768,000 (2002 – £24,487,000). As a result of this, the group profit and loss account carried forward is £124,975,000 (2002 – £91,207,000).

CSC Information Systems Limited, a subsidiary of CSC Computer Sciences Limited, paid equity dividends in the period to 28 March 2003 of £20,000,000 (2002 – £nil). CSC Computer Sciences Limited received £19,980,000 of these dividends (2002 – nil).

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 4% during the period to £716,188,000 (2002 – £747,357,000).

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

Subsequent events

On 3 June 2003 the group acquired a 100% shareholding in CSC Business Systems Limited (formerly RM Business Systems Limited), together with a related outsource contract, from Royal Mail Group plc for £37 million.

CSC UKD 2 Limited, CSC UKD 5 Limited, ITS Groupware Limited and Inforem Limited were dissolved in the subsequent period.

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' REPORT

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 Bell		(appointed 28 March 2003)
G M Hains		
I S Hickson		(resigned 31 March 2003)
K Wilman		(appointed 10 June 2003)
V B Honeycutt	(US citizen)	
M W Laphen	(US citizen)	(resigned 28 March 2003)
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.

DONATIONS

During the period the group made charitable donations of £28,652 (2002 – £55,863).

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 28 March 2003 were 37 days (2002 – 57 days), calculated in accordance with the requirements set down in the Companies Act 1985.

DIRECTORS' REPORT

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

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

D J Edwards

Secretary

23 January 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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 30 March 2002 to 28 March 2003 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 28 March 2003 and of the profit of the group for the period from 30 March 2002 to 28 March 2003 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte and Touche LLP
Chartered Accountants and Registered Auditors
London
29 JANUARY 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period 30 March to 28 March 2003

	Note	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
TURNOVER: continuing operations	1,2	716,188	747,357
Cost of sales		(592,559)	(640,218)
Gross profit		123,629	107,139
Administrative expenses		(75,811)	(79,340)
Other operating income		976	-
OPERATING PROFIT: continuing operations		48,794	27,799
Profit on disposal of operations	3	1,300	8,287
OPERATING PROFIT BEFORE INTEREST		50,094	36,086
Interest receivable and similar income		4,104	4,131
Interest payable and similar charges	5	(4,099)	(6,581)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	50,099	33,636
Tax charge on profit on ordinary activities	7	(16,311)	(9,149)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		33,788	24,487
Minority interests	8	(20)	-
PROFIT FOR THE FINANCIAL PERIOD	18	33,768	24,487

All results in the current and preceding year related to continuing activities.

CONSOLIDATED BALANCE SHEET
28 March 2003

	Note		28 March 2003		29 March 2002
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9		11,015		13,247
Tangible assets	10		116,827		115,128
Investments	11		11		11
			127,853		128,386
CURRENT ASSETS					
Stock	12	34,991		38,657	
Debtors					
- due within one year	13	271,295		316,836	
- due after one year	13	6,000		6,000	
Cash at bank and in hand		8,488		12,508	
		320,774		374,001	
CREDITORS: amounts falling due within one year	14	(269,985)		(351,357)	
NET CURRENT ASSETS			50,789		22,644
TOTAL ASSETS LESS CURRENT LIABILITIES			178,642		151,030
CREDITORS: amounts falling due after more than one year	15		(52,135)		(58,291)
NET ASSETS			126,507		92,739
CAPITAL AND RESERVES					
Called up share capital	17		1,500		1,500
Capital reserve	18		32		32
Profit and loss account	18		124,975		91,207
EQUITY SHAREHOLDERS' FUNDS			126,507		92,739

These financial statements were approved by the Board of Directors on 23 January 2004.

Signed on behalf of the Board of Directors

G Bell

Director

COMPANY BALANCE SHEET
28 March 2003

	Note	£'000	28 March 2003 £'000	£'000	29 March 2002 £'000
FIXED ASSETS					
Intangible assets	9		7,229		9,149
Tangible assets	10		114,592		110,543
Investments	11		18,182		18,182
			140,003		137,874
CURRENT ASSETS					
Stock	12	28,731		30,358	
Debtors					
- due within one year	13	288,782		315,654	
- due after one year	13	6,000		6,000	
		323,513		352,012	
CREDITORS: amounts falling due within one year	14	(304,602)		(366,701)	
NET CURRENT ASSETS/(LIABILITIES)			18,911		(14,689)
TOTAL ASSETS LESS CURRENT LIABILITIES			158,914		123,185
CREDITORS: amounts falling due after more than one year	15		(51,567)		(57,567)
NET ASSETS			107,347		65,618
CAPITAL AND RESERVES					
Called up share capital	17		1,500		1,500
Profit and loss account	18		105,847		64,118
EQUITY SHAREHOLDERS' FUNDS			107,347		65,618

These financial statements were approved by the Board of Directors on 23 January 2004.

Signed on behalf of the Board of Directors

G Bell

Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period 30 March 2002 to 28 March 2003

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Profit for the financial period	33,788	24,487
Total recognised gains and losses relating to the period	33,788	24,487

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS
Period 30 March 2002 to 28 March 2003

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Profit for the financial period	33,788	24,487
Dividends	(20)	-
Net addition to shareholders' funds	33,768	24,487
Opening shareholders' funds	92,739	68,252
Closing shareholders' funds	126,507	92,739

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

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 30 March 2002 to 28 March 2003

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

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 30 March 2002 to 28 March 2003

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. TURNOVER

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 30 March 2002 to 28 March 2003

3. 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 instalments in the period to March 2005. The profit arising on the disposal was £6,000,000. Additional consideration of £1,300,000 was received during the current year, in return for the extinguishment of certain options which had been retained by CSC Computer Sciences Ltd under the original disposal agreement.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Directors' remuneration		
Emoluments (excluding pension contributions)	1,498	1,805
Company contributions to directors' pensions		
Money purchase section	39	8
		No.
Number of directors to whom retirement benefits are accruing under money purchase section	2	2
Number of directors who exercised share options	2	-
	£'000	**£'000**
Remuneration of the highest paid director		
Emoluments (excluding pension contributions)	488	486
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	287,396	281,671
Social security costs	29,989	30,509
Other pension costs	29,912	31,390
	347,297	343,570
	No.	**No.**
Average number of persons employed		
Managerial and professional	6,305	6,648
Clerical	1,279	1,675
	7,584	8,323

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Interest payable on loans with group undertakings	2,195	4,027
Bank loans and overdrafts	1,284	1,987
Finance leases and hire purchase contracts	608	527
Other	12	40
	4,099	6,581

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Profit on ordinary activities before taxation is after charging/(crediting):		
Loss on sale of fixed assets	558	2,075
Depreciation:		
Owned assets	43,603	42,149
Assets held under finance leases and hire purchase contracts	7,063	4,783
Amortisation of intangible fixed assets:		
Goodwill	1,858	1,592
Other intangible fixed assets	374	1,856
Auditors' remuneration:		
Audit fee:		
Company	235	230
Other group companies	105	78
Other services	32	77
Hire of plant and machinery	13,563	10,310
Other operating leases	18,968	16,526
Foreign currency exchange (gain)/loss	(1,322)	1,069

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

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

Group

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Current tax		
UK corporation tax at 30%	19,689	10,918
Adjustment in respect of prior years	-	(251)
Overseas tax	64	-
Group relief payable	-	1,988
Total current tax charge	19,753	12,655
Deferred tax		
Origination and reversal of timing differences	(3,442)	(3,856)
Adjustment in respect of prior years	-	350
Total deferred tax charge/(credit)	(3,442)	(3,506)
Tax on profit on ordinary activities	16,311	9,149

Reconciliation to total current tax charge:

	Period 30 March 2002 to 28 March 2003 £'000	Period 31 March 2001 to 29 March 2002 £'000
Profit on ordinary activities before taxation	50,099	33,636
Profit before tax at 30%	15,030	10,091
Permanent differences	1,203	(421)
Accelerated capital allowances	3,302	3,710
Short term timing differences	154	(474)
Overseas tax rates	64	-
Adjustments in respect of prior years	-	(251)
Total current tax charge	19,753	12,655

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

8. MINORITY INTERESTS

The minority interests represent a third party's entitlement to 0.1% of the dividends paid by CSC Information Systems Limited during the period.

9. INTANGIBLE FIXED ASSETS

The group	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 30 March 2002	16,309	6,355	22,664
Disposals	-	(2,500)	(2,500)
At 28 March 2003	16,309	3,855	20,164
Accumulated amortisation			
At 30 March 2002	5,255	4,162	9,417
Charge for the period	1,858	374	2,232
Disposals	-	(2,500)	(2,500)
At 28 March 2003	7,113	2,036	9,149
Net book value			
At 28 March 2003	9,196	1,819	11,015
At 29 March 2002	11,054	2,193	13,247

The company	Goodwill £'000	Development Costs £'000	Total £'000
Cost			
At 30 March 2002	13,214	4,024	17,238
Disposals	-	(2,500)	(2,500)
At 28 March 2003	13,214	1,524	14,738
Accumulated amortisation			
At 30 March 2002	4,443	3,646	8,089
Charge for the period	1,858	62	1,920
Disposals	-	(2,500)	(2,500)
At 28 March 2003	6,301	1,208	7,509
Net book value			
At 28 March 2003	6,913	316	7,229
At 29 March 2002	8,771	378	9,149

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

10. TANGIBLE FIXED ASSETS

The group	Land and buildings £'000	Furniture and fittings £'000	Leasehold improvements £'000	Computer and related equipment £'000	Total £'000
Cost					
At 30 March 2002	14,107	18,023	8,483	275,305	315,918
Additions	1,816	846	1,383	51,336	55,381
Disposals	-	(70)	(869)	(17,609)	(18,548)
Transfers	276	-	(276)	-	-
At 28 March 2003	16,199	18,799	8,721	309,032	352,751
Accumulated depreciation					
At 30 March 2002	1,727	9,497	4,133	185,433	200,790
Charge for the period	747	2,041	1,025	46,853	50,666
Disposals	-	(67)	(763)	(14,702)	(15,532)
Transfers	56	-	(56)	-	-
At 28 March 2003	2,530	11,471	4,339	217,584	235,924
Net book value					
At 28 March 2003	13,669	7,328	4,382	91,448	116,827
At 29 March 2002	12,380	8,526	4,350	89,872	115,128

Included in the above are fully depreciated assets with an original cost of £124,228,988 (2002 - £122,212,247).

Included in computer and related equipment above are assets with a net book value of £3,316,000 (2002 - £10,869,133) held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

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 30 March 2002	14,107	17,898	8,279	265,771	306,055
Additions	1,816	841	1,383	51,292	55,332
Disposals	-	(70)	(775)	(17,564)	(18,409)
Transfers	276	-	(276)	-	-
At 28 March 2003	16,199	18,669	8,611	299,499	342,978
Accumulated depreciation					
At 30 March 2002	1,728	9,442	4,053	180,289	195,512
Charge for the period	747	2,019	992	44,545	48,303
Disposals	-	(67)	(705)	(14,657)	(15,429)
Transfers	56	-	(56)	-	-
At 28 March 2003	2,531	11,394	4,284	210,177	228,386
Net book value					
At 28 March 2003	13,668	7,275	4,327	89,322	114,592
At 29 March 2002	12,379	8,456	4,226	85,482	110,543

Included in the above are fully depreciated assets with an original cost of £124,229,000 (2002 - £121,349,387).

Included in computer and related equipment above are assets with a net book value of £3,316,000 (2002 - £10,869,133) held under finance leases and hire purchase contracts.

11. INVESTMENTS HELD AS FIXED ASSETS

Shares in group undertakings	Group £'000	Company £'000
Cost		
At 30 March 2002 and 28 March 2003	11	23,868
Provision for impairment in value		
At 30 March 2002	-	5,686
Charge for the period	-	-
At 28 March 2003	-	5,686
Net book value		
At 28 March 2003	11	18,182
At 29 March 2002	11	18,182

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

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
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
CSC Information Systems Limited (formerly Pearl Group Services Ltd)	Great Britain	Computer Services	100.0
			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 Great Britain	Business Process Outsource (BPO)	100.0
CSC Services No 1 Limited	Great Britain	BPO	100.0
CSC UKD 6 Limited (formerly North Park Computer Services Limited)	Great Britain	Dormant	100.0
CSC UKD 7 Limtied (formerly Eurosure Insurance Marketing Limited)	Great Britain	Dormant	100.0

CSC UKD 2 Limited, CSC UKD 5 Limited, ITS Groupware Limited and Inforem Limited were struck off in the period.

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	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Stock	3,353	1,487	3,353	1,487
Contract work in progress	31,638	37,170	25,378	28,871
	34,991	38,657	28,731	30,358

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 30 March 2002 to 28 March 2003

13. DEBTORS

Amounts falling due within one year

	Group		Company	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Trade debtors	70,858	74,812	66,374	69,689
Amounts recoverable on contracts	21,989	25,168	13,883	19,608
Amounts owed by parent company and other group undertakings	121,551	152,473	153,939	165,890
Deferred taxation asset	7,304	3,862	6,267	2,964
Other debtors	2,652	13,721	2,604	13,071
Prepayments	46,941	46,800	45,715	44,432
	271,295	316,836	288,782	315,654

Amounts falling due after one year

	Group		Company	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Other debtors	6,000	6,000	6,000	6,000

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Bank loans and overdrafts	-	30,272	1,205	30,272
Obligations under finance leases and hire purchase contracts (note 20)	4,223	11,027	4,223	11,027
Trade creditors	62,968	74,370	62,736	73,722
Amounts owed to parent company and other group undertakings	89,183	123,076	130,379	152,712
Group relief payable	1,285	-	2,289	-
Taxation and social security	13,020	12,200	12,821	11,958
Corporation tax payable	16,216	14,679	13,377	9,224
Other creditors	8,951	9,271	8,951	9,245
Accruals and deferred income	74,139	76,462	68,621	68,541
	269,985	351,357	304,602	366,701

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

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

	Group		Company	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Obligations under finance leases and hire purchase contracts (note 20)	1,081	7,081	1,081	7,081
Amount owed to parent company and fellow subsidiary undertakings	51,054	51,210	50,486	50,486
	52,135	58,291	51,567	57,567

16. DEFERRED TAXATION

The deferred tax (assets)/provisions are:

	Group		Company	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Deferred tax				
Deferred taxation movements for the period:				
Opening balance	(3,862)	(356)	(2,964)	472
Current period credit (note 7)	(3,442)	(3,506)	(3,303)	(3,436)
Closing balance	(7,304)	(3,862)	(6,267)	(2,964)

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

Group	Provided 28 March 2003 £'000	Provided 29 March 2002 £,000	Not provided 28 March 2003 £'000	Not Provided 29 March 2002 £,000
Capital allowances in excess of depreciation	(6,856)	(3,569)	-	-
Short term timing differences	(448)	-	-	-
Other timing differences	-	(293)	-	-
	(7,304)	(3,862)	-	-

Company	Provided 28 March 2003 £'000	Provided 29 March 2002 £,000	Not provided 28 March 2003 £'000	Not Provided 29 March 2002 £,000
Capital allowances in excess of depreciation	(5,819)	(2,671)	-	-
Short term timing differences	(448)	-	-	-
Other timing differences	-	(293)	-	-
	(6,267)	(2,964)	-	-

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

17. CALLED UP SHARE CAPITAL

	28 March 2003 £'000	29 March 2002 £'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

18. STATEMENT OF MOVEMENT ON RESERVES

Group	Capital reserve £'000	Profit and loss account £'000	Total £'000
Balance at 30 March 2002	32	91,207	91,239
Retained profit for the period	-	33,768	33,768
Balance at 28 March 2003	32	124,975	125,007
Company			
Balance at 30 March 2002	-	64,118	64,118
Retained profit for the period	-	41,729	41,729
Balance at 28 March 2003	-	105,847	105,847

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 £41,729,000 (2002 - profit of £4,900,000) is included in the group's profit for the period.

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

20. LEASE COMMITMENTS

Operating leases

At 28 March 2003 the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 28 March 2003 £'000	Other 28 March 2003 £'000	Land and buildings 29 March 2002 £'000	Other 29 March 2002 £'000
Leases which expire:				
Within one year	1,545	3,110	1,384	11
Within two to five years	1,600	3,271	4,048	5,114
After five years	3,562	-	4,582	3,864
	6,707	6,381	10,014	8,989

At 28 March 2003 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 28 March 2003 £'000	Other 28 March 2003 £'000	Land and buildings 29 March 2002 £'000	Other 29 March 2002 £'000
Leases which expire:				
Within one year	1,545	3,110	1,373	1,178
Within two to five years	1,600	3,271	3,864	2,955
After five years	3,562	-	4,581	-
	6,707	6,381	9,818	4,133

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

20. LEASE COMMITMENTS (continued)

Finance leases and hire purchase obligations

At 28 March 2003 the group and the company was committed to making the following payments in respect of finance leases and hire purchase obligations:

	28 March 2003 £'000	29 March 2002 £'000
Minimum lease payments due:		
Within one year	4,424	11,191
Within two to five years	1,132	7,154
	5,556	18,345
Finance charges allocated to future periods	(252)	(237)
	5,304	18,108

21. CAPITAL COMMITMENTS

	Group		Company	
	28 March 2003 £'000	29 March 2002 £'000	28 March 2003 £'000	29 March 2002 £'000
Contracted for but not provided	58,534	29,571	58,266	29,395

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 £39,000 (2002 - £8,000) relating to directors and £29,912,000 (2002 - £31,390,000) relating to other employees.

There is a pension liability of £1,513,000 (2002 - £2,304,000), relating to pension contributions not paid over by the year end.

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 30 March 2002 to 28 March 2003

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". The ASB has since delayed the full implementation of FRS17. The required disclosure under the transitional arrangements of FRS17 are set out below.

The actuarial valuation of the pension scheme was updated to 28 March 2003. The principal actuarial assumptions used as at 28 March 2003 are shown below:

	At 28 March 2003 %	At 29 March 2002 %
Rate of increase in salaries	3.7	4.00
Rate of increase of pensions in payment	2.5	2.50
Discount rate	5.5	6.00
Inflation assumption	2.5	2.50

The contributions payable during the period were £12,561,000, representing 12.0% of employee's pensionable pay.

Future levels of contributions will be determined at completion of the formal triennial valuation currently in progress.

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

	Expected rate of return at 28 March 2003 %	Value at 28 March 2003 £'000	Expected rate of return at 29 March 2002 %	Value at 29 March 2002 £'000
Equities	8	194,076	8	225,833
Bonds	5.5	69,973	6	74,060
Cash and other assets	4	-	5	-
Total market value of assets		264,049		299,893
Actuarial value of liabilities		(450,457)		(329,320)
Deficit in the scheme		(186,408)		(29,427)
Related deferred tax asset		55,922		8,828
		(130,486)		(20,599)

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

	28 March 2003 £'000	29 March 2002 £'000
Profit and loss reserve in the financial statements	124,975	91,207
FRS 17 deficit in relation to the pension scheme	(130,486)	(20,599)
Profit and loss reserve as adjusted	(5,511)	70,608

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

22. PENSION COMMITMENTS (continued)

Had the group adopted FRS 17 early, the amounts which would have been included within operating profit for the period ended 28 March 2003 are:

	Period ended 28 March 2003 £'000
Current Service Cost	(12,360)
Past Service Costs	-
Total costs included within operating profit	(12,360)

Had the group adopted FRS17 early, the amounts credited (charged) to other finance income would have been stated as:

	Period ended 28 March 2003 £'000
Expected return on pension scheme assets	22,926
Interest charged on pension scheme liabilities	(20,085)
Net charge	2,841

Had the group adopted FRS17 early, the amounts recognised in the statement of total recognised gains and losses would have been:

	Period ended 28 March 2003 £'000
Actual return less expected return on pension scheme assets	(69,847)
Experience losses arising on the scheme liabilities	(50,391)
Changes in assumptions underlying the present value of the scheme liabilities	(39,785)
Total actuarial loss recognised in the statement of total recognised gains and losses	(160,023)

Had the group adopted FRS17 early, the movement in pension deficit during the year would have been:

	£'000
Deficit at 29 March 2002	(29,427)
Current service cost	(12,360)
Contributions	12,561
Past service costs	-
Other finance charge	2,841
Actuarial loss	(160,023)
Deficit at 28 March 2003	(186,408)

NOTES TO THE ACCOUNTS
Period 30 March 2002 to 28 March 2003

22. PENSION COMMITMENTS (continued)

Had the group adopted FRS17 early, the history of experience gains and losses would have been stated as:

	Period ended 28 March 2003
Difference between the expected and actual return on scheme assets (£'000)	69,847
As a % of the scheme assets at the balance sheet date	26.5
Experience losses on scheme liabilities (£'000)	50,391
As a % of the scheme liabilities at the balance sheet date	11.2
Total actuarial loss recognised in STRGL (£'000)	160,023
As a % of the scheme liabilities at the balance sheet date	35.5

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.

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.