Company Registration No. 00963578

CSC COMPUTER SCIENCES LIMITED

Report and Financial Statements

Period from 3 April 2004 to 1 April 2005



CSC COMPUTER SCIENCES LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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CSC COMPUTER SCIENCES LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Archer
G M Hains
K Wilman
V B Honeycutt (US citizen)
M E Keane (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 3 April 2004 to 1 April 2005.

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 £61,259,000 (2004 – £41,461,000). As a result of this, the group profit and loss account carried forward is £227,689,000 (2004 – £166,430,000).

CSC Information Systems Limited, a subsidiary of CSC Computer Sciences Limited, paid equity dividends in the period to 1 April 2005 of £nil (2004 – £13,000,000). CSC Computer Sciences Limited received £nil (2004 – £12,987,000) of these dividends.

The directors do not recommend payment of dividends in the period (2004: £nil).

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 12% during the period to £1,005,240,000 (2004 – £901,046,000).

The group's 50% interest in the share capital of Dyncorp–Hiberna Limited was transferred to another CSC company in the period.

POST BALANCE SHEET EVENTS

On 1 April 2006 Pearl Assurance Group Holdings Limited utilised a Put Option to sell their 50,000 A shares in CSC Information Systems Limited for a consideration of £50,000 to CSC Computer Sciences Limited. At the same time, the directors on the board of CSC Information Systems Limited nominated by Pearl Assurance Group Holdings Limited were removed. Also on that date, the sole customer contract within CSC Information Systems Limited was assigned to CSC Computer Sciences 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.

In the previous period due to market conditions and a significant decrease in activity, certain customer contracts made material operating losses. An impairment provision was recorded in the previous financial statements against the recoverability of fixed assets related to these contracts together with provisions for further unavoidable future operating losses. These provisions were fully utilised in the current financial period and no further provisions are deemed necessary.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. The directors throughout the period and subsequently except as noted were:

K Archer		
G Bell		(resigned 4 March 2005)
G M Hains		
K Wilman		
V B Honeycutt	(US citizen)	
L J Level	(US citizen)	(resigned 8 February 2006)
M E Keane	(US citizen)	(appointed 17 March 2006)

DIRECTORS' REPORT (continued)

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

DONATIONS

During the period the group made charitable donations of £27,011 (2004 – £16,905).

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.

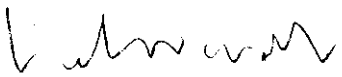
The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

Trade creditor days of the group for the year ended 1 April 2005 were 77 days (2004 – 75 days), trade creditor days of the company for the year ended 1 April 2005 were 80 days (2004 – 75 days), calculated in accordance with the requirements set down in the Companies Act 1985.

AUDITORS

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

21 July 2006

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 3 April 2004 to 1 April 2005 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 equity 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 and other members of the group is not disclosed.

We read the directors' report for the above period and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 affairs of the company and of the group as at 1 April 2005 and of the profit of the group for the period from 3 April 2004 to 1 April 2005 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

31 July 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period 3 April 2004 to 1 April 2005

	Note	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
TURNOVER: continuing operations (in addition, share of joint venture turnover £1,127,250 - 2004 £1,444,000)	1,2	1,005,240	901,046
Cost of sales		(849,763)	(762,173)
Gross profit		155,477	138,873
Administrative expenses (includes exceptional charges in prior period of £8,592,000 – note 6)		(92,485)	(95,480)
Other operating income		11,240	12,771
OPERATING PROFIT BEFORE INTEREST		74,232	56,164
Share of operating profit in joint ventures		172	249
Share of loss on disposal of joint venture operations	3	(306)	-
Interest receivable and similar income:			
group		5,366	4,113
joint ventures		-	-
Interest payable and similar charges:			
group	5	(1,670)	(2,345)
joint ventures		(7)	(14)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	77,787	58,167
Tax charge on profit on ordinary activities	7	(16,528)	(16,693)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		61,259	41,474
Dividends paid to minority interests	8	-	(13)
RETAINED PROFIT FOR THE FINANCIAL PERIOD		61,259	41,461

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

CONSOLIDATED BALANCE SHEET
1 April 2005

	Note		1 April 2005		2 April 2004
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Development costs	9		330		661
Goodwill	9		6,493		7,406
Negative goodwill	9		(15,011)		(16,848)
Intangible assets			(8,188)		(8,781)
Tangible assets	10		181,776		136,072
Investments	11		11		11
Investments in joint ventures (see note 3)					
- share of gross assets			-		668
- share of gross liabilities			-		(500)
			173,599		127,470
CURRENT ASSETS					
Stock	12	144,922		71,012	
Debtors					
- due within one year	13	478,068		369,268	
Cash at bank and in hand		87,259		76,617	
		710,249		516,897	
CREDITORS: amounts falling due within one year	14	(651,761)		(451,675)	
NET CURRENT ASSETS			58,488		65,222
TOTAL ASSETS LESS CURRENT LIABILITIES			232,087		192,692
CREDITORS: amounts falling due after more than one year	15		(2,866)		(18,172)
PROVISIONS FOR LIABILITIES AND CHARGES	16		-		(6,558)
NET ASSETS			229,221		167,962
CAPITAL AND RESERVES					
Called up share capital	18		1,500		1,500
Capital reserve	19		32		32
Profit and loss account	19		227,689		166,430
EQUITY SHAREHOLDERS' FUNDS			229,221		167,962

These financial statements were approved by the Board of Directors on 21 July 2006.

Signed on behalf of the Board of Directors

G M Hains

Director

COMPANY BALANCE SHEET
1 April 2005

	Note	£'000	1 April 2005 £'000	£'000	2 April 2004 £'000
FIXED ASSETS					
Development costs	9		330		661
Goodwill	9		5,505		6,209
Intangible assets			5,835		6,870
Tangible assets	10		154,333		105,666
Investments	11		52,709		52,709
			212,877		165,245
CURRENT ASSETS					
Stock	12	113,318		52,892	
Debtors					
- due within one year	13	442,459		407,880	
Cash at bank and in hand		65,214		53,183	
		620,991		513,955	
CREDITORS: amounts falling due within one year	14	(603,230)		(485,992)	
NET CURRENT ASSETS			17,761		27,963
TOTAL ASSETS LESS CURRENT LIABILITIES			230,638		193,208
CREDITORS: amounts falling due after more than one year	15		(866)		(17,766)
PROVISIONS FOR LIABILITIES AND CHARGES	16		-		(3,600)
NET ASSETS			229,772		171,842
CAPITAL AND RESERVES					
Called up share capital	18		1,500		1,500
Profit and loss account	19		228,272		170,342
EQUITY SHAREHOLDERS' FUNDS			229,772		171,842

These financial statements were approved by the Board of Directors on 21 July 2006.

Signed on behalf of the Board of Directors

G M Hains

Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period 3 April 2004 to 1 April 2005

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Profit on ordinary activities after taxation	61,259	41,474
Exchange differences	-	(6)
Total recognised gains and losses relating to the period	61,259	41,468

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED EQUITY SHAREHOLDERS' FUNDS
Period 3 April 2004 to 1 April 2005

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Profit on ordinary activities after taxation	61,259	41,474
Dividends	-	(13)
Exchange differences	-	(6)
Net addition to equity shareholders' funds	61,259	41,455
Opening equity shareholders' funds	167,962	126,507
Closing equity shareholders' funds	229,221	167,962

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both periods.

Accounting convention

The financial statements are prepared under the historical cost convention.

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 cost of acquisition is less than the values attributable to such net assets, the difference is treated as negative 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.

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.

Costs on major fixed price contract projects are deferred as contract work in progress and released to the profit and loss account according to the appropriate stage of completion.

Intangible fixed assets

Goodwill
Goodwill arising on consolidation is capitalised and amortised over its estimated useful life (typically 15 years). Purchased goodwill in the company is also amortised over 15 years.

Negative Goodwill
Negative goodwill arising on consolidation represents the excess of net assets acquired over consideration paid in relation to acquisitions and is amortised over its estimated useful life (currently 10 years).

Development costs
Costs spent establishing the technical feasibility of software products are expensed as incurred.
Direct costs of developing software products are capitalised and amortised on a straight line basis over their expected useful lives from the date the product enters commercial exploitation (three to five years).

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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
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 transactional exchange differences are taken to the profit and loss account.

Translation differences arising from the conversion and consolidation of foreign subsidiaries are taken directly to reserves.

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 the 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 3 April 2004 to 1 April 2005

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 accrue.

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 predominantly in the European Union, which in the opinion of the directors can be regarded as a single geographical market.

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 was £18,700,000, of which £16,700,000 was received in cash on 26 April 2002, with the remaining £2,000,000 received in instalments in the period to March 2005. The profit arising on the disposal was £6,000,000.

The group's 50% interest in the share capital of Dyncorp–Hiberna Limited was transferred at cost in the period to another CSC company outside of the group.

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Directors' remuneration		
Emoluments (excluding pension contributions)	2,020	1,991
Company contributions to directors' pensions		
Money purchase section	76	63
	No.	**No.**
Number of directors to whom retirement benefits are accruing under money purchase section	3	3
Number of directors who exercised share options	4	-
	£'000	**£'000**
Remuneration of the highest paid director		
Emoluments (excluding pension contributions)	619	558
Company contributions to money purchase pension section	25	-
The highest paid director exercised share options during the period		
Staff costs during the period (including directors)		
Wages and salaries	379,765	344,758
Social security costs	41,193	36,780
Other pension costs	58,549	35,611
	479,507	417,149
	No.	**No.**
Average number of persons employed (including directors)		
Managerial and professional	8,360	7,482
Clerical	1,712	1,532
	10,072	9,014

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Interest payable on loans with group undertakings	1,136	1,327
Bank loans and overdrafts	156	729
Finance leases and hire purchase contracts	183	285
Other	195	4
	1,670	2,345

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Profit on ordinary activities before taxation is after charging/(crediting):		
Loss/(profit) on sale of fixed assets	1,171	(620)
Depreciation:		
Owned assets	54,844	50,881
Assets held under finance leases and hire purchase contracts	1,171	1,501
Amortisation of intangible fixed assets:		
Goodwill	913	1,790
Negative goodwill	(1,837)	(1,532)
Other intangible fixed assets – excluding exceptional impairment charge	331	610
Other intangible fixed assets – exceptional impairment charge	-	1,223
Exceptional provision against amounts recoverable on contracts	-	811
Exceptional provision for unavoidable future contract losses	-	6,558
Exceptional credit for intercompany subcontract revenue	(14,174)	-
Auditors' remuneration:		
Audit fee:		
Company	393	244
Other group companies	176	109
Other services – tax advice	330	231
Hire of plant and machinery	509	2,489
Other operating leases	13,486	17,352
Foreign currency exchange gain	(185)	(544)

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

The exceptional provision for unavoidable future contract losses in the previous period of £6,558,000 was based on estimated operating losses for the financial period following the balance sheet date in relation to specific onerous customer contracts.

The exceptional impairment charge in the previous period of £1,223,000 and provision in the previous period against amounts recoverable on contracts of £811,000 were based on then current estimates of discounted future income streams for a specific customer contract.

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

The exceptional credit in the current period for intercompany subcontract revenue reflects a retrospective subcontract true up adjustment with another CSC company outside the group.

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

Group

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Current tax		
UK corporation tax at 30%	7,421	1,599
Adjustment in respect of prior years	5,004	(109)
Overseas tax	(26)	-
Total current tax charge	12,399	1,490
Deferred tax		
Origination and reversal of timing differences	15,220	15,074
Adjustment in respect of prior years	(11,091)	129
Total deferred tax charge	4,129	15,203
Tax on profit on ordinary activities	16,528	16,693

Reconciliation to total current tax charge:

	Period 3 April 2004 to 1 April 2005 £'000	Period 29 March 2003 to 2 April 2004 £'000
Profit on ordinary activities before taxation	77,787	58,167
Profit before tax at 30%	23,336	17,450
Permanent differences	(696)	(719)
Accelerated capital allowances	(19,676)	(10,989)
Short term timing differences	4,457	(4,084)
Overseas tax rates	(26)	(59)
Adjustments in respect of prior years	5,004	(109)
Total current tax charge	12,399	1,490

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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 prior period.

9. INTANGIBLE FIXED ASSETS

The group	Negative Goodwill £'000	Goodwill £'000	Development costs £'000	Total £'000
Cost				
At 2 April 2004 and 1 April 2005	(18,380)	16,309	3,322	1,251
Accumulated amortisation				
At 3 April 2004	(1,532)	8,903	2,661	10,032
(Credit)/charge for the period	(1,837)	913	331	(593)
At 1 April 2005	(3,369)	9,816	2,992	9,439
Net book value				
At 1 April 2005	(15,011)	6,493	330	(8,188)
At 2 April 2004	(16,848)	7,406	661	(8,781)

The company	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 2 April 2004 and 1 April 2005	13,214	991	14,205
Accumulated amortisation			
At 3 April 2004	7,005	330	7,335
Charge for the period	704	331	1,035
At 1 April 2005	7,709	661	8,370
Net book value			
At 1 April 2005	5,505	330	5,835
At 2 April 2004	6,209	661	6,870

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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 3 April 2004	27,344	20,581	8,627	356,393	412,945
Additions	1,756	1,121	411	101,256	104,544
Disposals	(151)	(1,272)	(15)	(21,396)	(22,834)
At 1 April 2005	28,949	20,430	9,023	436,253	494,655
Accumulated depreciation					
At 3 April 2004	3,517	13,090	5,717	254,549	276,873
Charge for the period	1,238	2,238	467	52,072	56,015
Disposals	(27)	(791)	(15)	(19,176)	(20,009)
At 1 April 2005	4,728	14,537	6,169	287,445	312,879
Net book value					
At 1 April 2005	24,221	5,893	2,854	148,808	181,776
At 2 April 2004	23,827	7,491	2,910	101,844	136,072

Included in the above are fully depreciated assets with an original cost of £195,072,245 (2004 - £164,354,411).

Included in computer and related equipment above are assets with a net book value of £2,082,000 (2004 - £2,587,000) held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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 3 April 2004	18,714	20,097	8,517	320,629	367,957
Additions	1,018	959	144	96,708	98,829
Disposals	(151)	(1,267)	(15)	(20,544)	(21,977)
At 1 April 2005	19,581	19,789	8,646	396,793	444,809
Accumulated depreciation					
At 3 April 2004	3,326	12,975	5,610	240,380	262,291
Charge for the period	994	2,113	445	44,598	48,150
Disposals	(27)	(788)	(15)	(19,135)	(19,965)
At 1 April 2005	4,293	14,300	6,040	265,843	290,476
Net book value					
At 1 April 2005	15,288	5,489	2,606	130,950	154,333
At 2 April 2004	15,388	7,122	2,907	80,249	105,666

Included in the above are fully depreciated assets with an original cost of £185,507,108 (2004 - £160,717,000).

Included in computer and related equipment above are assets with a net book value of £2,082,000 (2004 - £2,587,000) held under finance leases and hire purchase contracts.

11. INVESTMENTS HELD AS FIXED ASSETS

Shares in group undertakings	Group £'000	Company £'000
Cost		
At 2 April 2004 and 1 April 2005	11	58,395
Provision for impairment in value		
At 2 April 2004 and 1 April 2005	-	5,686
Net book value		
At 2 April 2004 and 1 April 2005	11	52,709

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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 Business Systems Limited	Great Britain	Computer Services	100.0
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	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
CSC UKD 1 Limited	Great Britain	Computer Services	100.0
CSC Services No 2 Limited	Great Britain	Business Process Outsource (BPO)	100.0
CSC Services No 1 Limited	Great Britain	BPO	100.0
CSC UKD 6 Limited	Great Britain	Dormant	100.0
CSC UKD 7 Limtied	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.

On 3 June 2003 the group acquired a 100% shareholding in CSC Business Systems Limited (formerly RM Business Systems Limited), together with a related outsourcing contract, from Royal Mail Group plc for £35 million.

On 23 April 2003 the group acquired a 50% interest in the share capital of Dyncorp–Hiberna Limited. During the current period the investment was transferred to another CSC company at book value.

On 1 April 2006 CSC Computer Sciences Limited acquired the minority shareholding of 50,000 A shares in CSC Information Systems Limited at their nominal value of £50,000 from Pearl Assurance Group Holdings Limited.

12. STOCK

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Stock	2,164	2,607	2,164	2,607
Contract work in progress	142,758	68,405	111,154	50,285
	144,922	71,012	113,318	52,892

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

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

12. STOCK (continued)

and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes.

In the current period project costs related to a major outsource contract have been deferred as contract work in progress in line with future milestone revenue recognition.

13. DEBTORS

Amounts falling due within one year

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Trade debtors	84,588	85,193	83,165	65,371
Amounts recoverable on contracts	60,994	57,213	53,308	43,072
Amounts owed by parent company and other group undertakings	184,191	81,751	182,991	190,395
Group relief receivable	379	-	-	-
Deferred taxation asset (note 17)	26,152	30,281	10,791	3,539
Other debtors	4,806	20,559	4,757	20,430
Prepayments	116,958	94,271	107,447	83,763
Corporation tax receivable	-	-	-	1,310
	478,068	369,268	442,459	407,880

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Obligations under finance leases and hire purchase contracts (note 21)	1,198	1,291	1,198	1,291
Trade creditors	138,308	104,825	112,610	80,445
Amounts owed to parent company and other group undertakings	215,740	173,482	247,352	271,440
Group relief payable	-	154	19,437	19,943
Taxation and social security	13,211	9,200	9,482	6,157
Corporation tax payable	8,971	2,420	7,697	-
Other creditors	9,198	1,083	198	986
Accruals and deferred income	265,135	159,220	205,256	105,730
	651,761	451,675	603,230	485,992

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Obligations under finance leases and hire purchase contracts (note 21)	866	2,120	866	2,120
Amount owed to parent company and fellow subsidiary undertakings	-	16,052	-	15,646
Other creditors	2,000	-	-	-
	2,866	18,172	866	17,766

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Opening balance 3 April 2004	6,558	-	3,600	-
Utilised in period	(6,558)	-	(3,600)	-
New provisions for known future operating losses on onerous customer contracts	-	6,558	-	3,600
Closing balance at 1 April 2005	-	6,558	-	3,600

All provisions were utilised during the current financial period.

17. DEFERRED TAX ASSET

The deferred tax assets are:

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Deferred tax asset				
Deferred taxation movements for the period:				
Opening balance	(30,281)	(7,304)	(3,539)	(6,267)
Charged/(credited) to profit and loss account (note 7)	4,129	15,203	(7,252)	2,728
Fair value adjustment on acquisition	-	(38,180)	-	-
Closing balance	(26,152)	(30,281)	(10,791)	(3,539)

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

17. DEFERRED TAX ASSET (continued)

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

Group	Provided 1 April 2005 £'000	Provided 2 April 2004 £'000
Capital allowances in excess of depreciation	(23,023)	(33,916)
Pensions	791	3,635
Short term timing differences	(3,920)	-
	(26,152)	(30,281)

Company	Provided 1 April 2005 £'000	Provided 2 April 2004 £'000
Capital allowances in excess of depreciation	(7,873)	(3,214)
Pensions	1,002	(325)
Short term timing differences	(3,920)	-
	(10,791)	(3,539)

18. CALLED UP SHARE CAPITAL

	1 April 2005 £'000	2 April 2004 £'000
Authorised:		
25,000 (2004: 25,000) ordinary shares of £100 each	2,500	2,500
Called up, allotted and fully paid:		
15,001 (2004: 15,001) ordinary shares of £100 each	1,500	1,500

19. STATEMENT OF MOVEMENT ON RESERVES

Group	Capital reserve £'000	Profit and loss account £'000	Total £'000
Balance at 3 April 2004	32	166,430	166,462
Retained profit for the period	-	61,259	61,259
Balance at 1 April 2005	32	227,689	227,721
Company			
Balance at 3 April 2004	-	170,342	170,342
Retained profit for the period	-	57,930	57,930
Balance at 1 April 2005	-	228,272	228,272

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

20. 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 £57,930,000 (2004 profit of £64,495,000) is included in the group's profit for the period.

21. LEASE COMMITMENTS

Operating leases

At 1 April 2005 the group and the company were committed to making the following payments during the next year in respect of non-cancellable operating leases:

	Land and buildings 1 April 2005 £'000	Other 1 April 2005 £'000	Land and buildings 2 April 2004 £'000	Other 2 April 2004 £'000
Leases which expire:				
Within one year	84	715	356	2,293
Within two to five years	1,314	3,922	1,819	3,335
After five years	5,357	-	3,321	-
	6,755	4,637	5,496	5,628

Finance leases and hire purchase obligations

At 1 April 2005 the group and the company was committed to making the following payments in respect of finance leases and hire purchase obligations:

	1 April 2005 £'000	2 April 2004 £'000
Minimum lease payments due:		
Within one year	1,290	1,476
Within two to five years	921	2,267
	2,211	3,743
Finance charges allocated to future periods	(147)	(332)
	2,064	3,411

22. CAPITAL COMMITMENTS

	Group		Company	
	1 April 2005 £'000	2 April 2004 £'000	1 April 2005 £'000	2 April 2004 £'000
Contracted for but not provided	33,045	16,788	31,555	14,996

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

23. PENSION COMMITMENTS

The company provides pensions to certain employees through two pension schemes 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 £76,174 (2004 - £51,000) relating to directors and £58,472,699 (2004 - £35,560,000) relating to other employees.

There is a pension liability within accruals of £5,629,579 (2004 - £2,382,000) relating to pension contributions not paid over by the year end.

There is a pension asset within prepayments of £30,000,000 (2004 - £18,953,166) representing a special contribution made to reduce the total deficit in the CSC Computer Sciences Ltd Pension Scheme.

CSC Computer Sciences Ltd Pension Scheme

The pension cost is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was as at 1 July 2003 updated to 1 April 2005 and used the projected unit method. The main actuarial assumptions were that salaries would increase by 3.85% p.a. and the return on scheme investments would be 6.25% p.a in the pre-retirement period and 5.25% in the post-retirement period.

At the date of the latest actuarial valuation the market value of the assets of the scheme were £546,370,000 and the actuarial value of the assets was sufficient to cover 76% of the benefits that had accrued to members after allowing for expected future increases in earnings.

CSC Computer Sciences Ltd 2005 Pension Scheme

The scheme commenced in January 2005. An initial valuation was carried out in September 2004 to recommend a contribution rate at scheme commencement. The first formal valuation was due as at 1 July 2005.

The liabilities and assets have been calculated including an allowance for a transfer in of past service based on information supplied by the transferring Schemes actuaries and from the initial actuarial valuation of the scheme. The past service assets were subsequently transferred in August 2005. The liabilities have been updated to 31 March 2005 by a qualified independent actuary. At the initial actuarial valuation the market value of the assets of the scheme were £26,367,000 and the actuarial value of the assets was sufficient to cover 102% of the benefits that had accrued to members after allowing for expected future increases earnings.

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

23. 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.

a) CSC Computer Sciences Ltd Pension Scheme:

The actuarial valuation of the pension scheme was updated to 1 April 2005. The principal actuarial assumptions used as at 1 April 2005 are shown below:

	At 1 April 2005 %	At 2 April 2004 %	At 28 March 2003 %
Rate of increase in salaries	3.85	3.95	3.75
Rate of increase of pensions in payment	2.60	2.70	2.50
Discount rate	5.50	5.60	5.50
Inflation assumption	2.60	2.70	2.50

The contribution rate for the period was 25.6% of employee's pensionable pay and the agreed contribution rate for the next fourteen years is 25.6% of pensionable pay, thereafter it is anticipated the contribution rate will be 13.4% of 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 1 April 2005 %	Value at 1 April 2005 £'000	Expected rate of return at 2 April 2004 %	Value at 2 April 2004 £'000	Expected rate of return at 28 March 2003 %	Value at 28 March 2003 £'000
Equities	8.2	410,326	8.4	340,955	8.0	194,076
Bonds	5.5	134,780	5.6	113,652	5.5	69,973
Cash and other assets	4.0	1,264	4.0	2,649	4.0	-
Total market value of assets		546,370		457,256		264,049
Actuarial value of liabilities		(715,220)		(641,700)		(450,457)
Deficit in the scheme		(168,850)		(184,444)		(186,408)
Related deferred tax asset		50,655		55,333		55,922
		(118,195)		(129,111)		(130,486)

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

23. PENSION COMMITMENTS (continued)

Had the group adopted FRS 17 early, the amounts which would have been included within operating profit for the period ended 1 April 2005 are:

	Period ended 1 April 2005 £'000	Period ended 2 April 2004 £'000
Current Service Cost	(25,467)	(21,075)
Past Service Costs	-	-
Total costs included within operating profit	(25,467)	(21,075)

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

	Period ended 1 April 2005 £'000	Period ended 2 April 2004 £'000
Expected return on pension scheme assets	35,678	20,802
Interest charged on pension scheme liabilities	(36,677)	(25,373)
Net charge	(999)	(4,571)

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

	Period ended 1 April 2005 £'000	Period ended 2 April 2004 £'000
Actual return less expected return on pension scheme assets	8,664	40,050
Experience of losses arising on the scheme liabilities	(15,119)	(58,218)
Changes in assumptions underlying the present value of the scheme liabilities	4,780	(15,000)
Total actuarial loss recognised in the statement of total recognised gains and losses	(1,675)	(33,168)

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

23. PENSION COMMITMENTS (continued)

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

	Period ended 1 April 2005 £'000	Period ended 2 April 2004 £'000
Opening deficit	(184,445)	(186,408)
Current service cost	(25,467)	(21,075)
Contributions	43,736	60,777
Past service costs	-	-
Other finance charge	(999)	(4,571)
Actuarial loss	(1,675)	(33,168)
Closing deficit	(168,850)	(184,445)

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

	Period ended 1 April 2005	Period ended 2 April 2004	Period ended 28 March 2003
Difference between the expected and actual return on scheme assets (£'000)	8,664	40,050	(69,847)
As a % of the scheme assets at the balance sheet date	1.6	8.8	-26.5
Experience losses on scheme liabilities (£'000)	(15,119)	(58,218)	(50,391)
As a % of the scheme liabilities at the balance sheet date	-2.1	-9.1	-11.2
Total actuarial loss recognised in STRGL (£'000)	(1,675)	(33,168)	(160,023)
As a % of the scheme liabilities at the balance sheet date	-0.2	-5.2	-35.5

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

23. PENSION COMMITMENTS (continued)

b) CSC Computer Sciences Ltd 2005 Pension Scheme:

The actuarial valuation of the pension scheme was updated to 31 March 2005. The principal actuarial assumptions used are shown below:

	At 1 April 2005 %
Rate of increase in salaries	3.85
Rate of increase of pensions in payment	2.60
Discount rate	5.50
Inflation assumption	2.60

The contribution rate from commencement of the scheme was 17.5% 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 1 April 2005 %	Value at 1 April 2005 £'000
Equities	8.2	19,775
Bonds	5.5	6,592
Total market value of assets		26,367
Actuarial value of liabilities		(25,842)
Surplus in the scheme		525
Related deferred tax liability		(157)
		368

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

23. PENSION COMMITMENTS (continued)

c) Reconciliation of net assets and reserves under FRS 17 for the combined schemes :

	1 April 2005 £'000	2 April 2004 £'000
Net assets		
Net assets as stated in the balance sheet	229,221	167,962
Defined benefit (liabilities)/surplus under SSAP 24	-	-
Net assets excluding defined benefit (liabilities)/surplus	229,221	167,962
Defined benefit liability under FRS 17	(168,850)	(184,444)
Related deferred tax	50,655	55,333
Defined benefit surplus under FRS17	525	-
Related deferred tax	(157)	-
Net assets including defined benefit (liabilities)/surplus	111,394	38,851
Reserves		
Profit and loss reserve as stated in balance sheet	227,689	166,430
Defined benefit (liabilities)/surplus under SSAP 24	-	-
Profit and loss reserve excluding amounts related to defined benefit liabilities/surplus	227,689	166,430
Defined benefit liability under FRS 17	(168,850)	(184,444)
Related deferred tax	50,655	55,333
Defined benefit surplus under FRS 17	525	-
Related deferred tax	(157)	-
Profit and loss reserve including amounts related to defined benefit liabilities/surplus	109,862	37,319

NOTES TO THE ACCOUNTS
Period 3 April 2004 to 1 April 2005

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. 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 immediate parent company and 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.