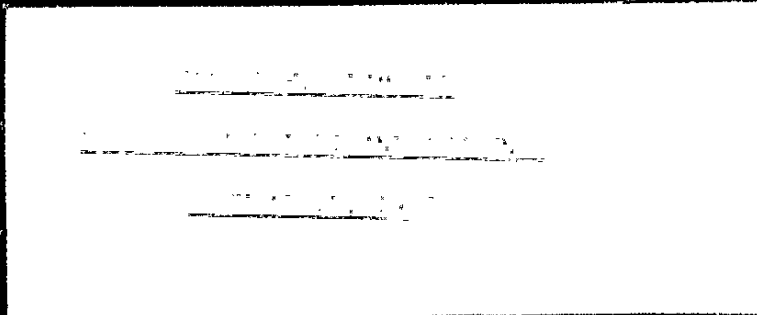


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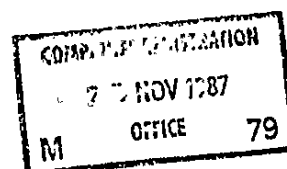


CAP (U.K.) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30TH APRIL, 1987

PEAT MARWICK McLINTOCK
1 Fuddle Dock, Blackfriars, London EC4V 3PD.



CAP (U.K.) LIMITED

DIRECTORS' REPORT

The directors present herewith their report and accounts of the company for the year ended 30th April, 1987.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be the provision of management services to United Kingdom based companies in the CAP Group. These companies are engaged in the provision of custom built computer software systems, engineering consultancy and related professional services in all aspects of computer consultancy, programming and software products.

The company continued to make satisfactory progress in the year under review and the directors believe this progress will be maintained during the current year.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. A dividend of £157.78 per share has been paid.

DIRECTORS

A list of the directors of the company and of changes during the year to 30th April, 1987 is given below:

M.J. Smith	(Chairman)
J.M. Ockenden	(Managing director)
H. Atkinson	
P.P.C. Gregory	
L.J. Russell	
G.E. Samuel	

Mr. P.P.C. Gregory was appointed as a director on 1st August, 1986.

CAP (U.K.) LIMITEDDIRECTORS' REPORTDIRECTORS' INTERESTS

The interests of the directors of the company in the shares of CAP Group plc and its subsidiary companies are shown below:

<u>Cap Group plc</u>	<u>Ordinary shares of 10p each</u>	
	<u>30th April, 1987</u>	<u>30th April, 1986</u>
M.J. Smith	94,621	90,000
J.M. Ockenden	290,262	286,254
H. Atkinson	2,827	97,306
P.P.C. Gregory	-	-
L.J. Russell	113,748	127,935
G.E. Samuel	33,153	33,000
 <u>CAP Microsoft Limited</u>		
	<u>Ordinary shares of £1 each</u>	
	<u>(fully paid)</u>	
H. Atkinson	50	50
L.J. Russell	100	100
G.E. Samuel	15	15

No director held a beneficial interest in the shares of the company.

Contingent rights to the allotment of shares

The directors hold options to subscribe for CAP Group plc ordinary shares of 10p each as follows:

Executive share option scheme

	<u>Exercisable between 15/4/1988 and 14/4/1995 at £1.20p per share</u>	<u>Exercisable between 27/9/1988 and 26/9/1995 at £1.75p per share</u>	<u>Exercisable between 31/10/1989 and 30/10/1996 at £1.60p per share</u>
M.J. Smith	112,000		30,000
J.M. Ockenden	76,000		22,000
H. Atkinson	31,000		12,000
P.P.C. Gregory			22,000
L.J. Russell	32,000		12,000
G.E. Samuel		2,000	3,000

CAP (U.K.) LIMITEDDIRECTORS' REPORTDIRECTORS' INTERESTS (continued)Savings related share option scheme

	Exercisable between 3/10/1988 and 2/4/1989 at £0.43225 per share	Exercisable between 3/1/1989 and 2/7/1989 at £0.5404 per share	Exercisable between 26/4/1992 and 25/10/1992 at £1.20p per share	Exercisable between 8/10/1991 and 7/4/1992 at £2.00p per share
H. Atkinson	1,804	3,148	1,246	
J.M. Ockenden				1,850
L.J. Russell	1,804			

CAP GROUP PENSION SCHEME

On 13th March, 1987 the company executed a deed of adherence to become a participating company of the CAP Group Pension Scheme. On 19th April, 1987, the employees of the company who were members of the CAP (U.K.) Limited Pension Scheme had their membership transferred to the CAP Group Pension Scheme.

EMPLOYEESEmployee involvement

The company organises staff communication both centrally and locally. The media used for centrally organised communication include a group house magazine, technical newsletters, information circulars, copies of press releases and an annual report to employees based on the holding company's audited accounts. At local level regular staff meetings, which are attended by directors, are held and all branches publish notices containing important information about matters of interest. The staff are represented on the Board of the CAP Group Pension Fund.

Disabled

The policy of the company is to offer the same opportunity to disabled people as to all others in respect of recruitment and career advancement provided their disability does not prevent them from carrying out their required duties. Employees who become disabled will, wherever possible, be retained, rehabilitated and retrained.

CAP (U.K.) LIMITED

DIRECTORS' REPORT

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Peat Marwick McLintock as auditors to the company will be put to the Annual General Meeting.

By order of the board

B L Banks
Secretary

Registered Office:
22 Long Acre,
London WC2E 9LY.

23rd July, 1987.

Peat Marwick McLintock

REPORT OF THE AUDITORS TO THE MEMBERS OF
CAP (U.K.) LIMITED

We have audited the accounts set out on pages 6 to 16 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30th April, 1987 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985.

LONDON

23rd July 1987

Pear Marwick McLintock

Chartered Accountants

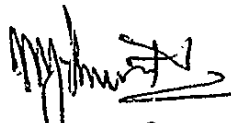
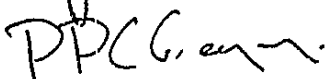
CAP (U.K.) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL, 1987

	<u>Note</u>	<u>1987</u> £000	<u>1986</u> £000
TURNOVER	2	4,788	4,543
OPERATING COSTS			
Staff costs	3	284	1,015
Depreciation of tangible fixed assets	5	268	196
Hire of plant and machinery		92	630
Auditors' remuneration		18	25
Rent of land and buildings		690	-
Other operating charges		2,185	2,587
		<u>3,537</u>	<u>4,453</u>
OPERATING PROFIT		1,251	90
Hire purchase interest payable		-	(31)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,251	59
Taxation on profit on ordinary activities	4	(524)	(118)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		727	(59)
Dividends paid		(710)	-
RETAINED PROFIT/(LOSS) FOR THE YEAR TRANSFERRED TO RESERVES		17	(59)

The notes on pages 9 to 16 form part of these accounts.

CAP (U.K.) LIMITEDBALANCE SHEET AT 30TH APRIL, 1987

	<u>Note</u>	<u>1987</u>		<u>1986</u>	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	5		889		1,030
Investments	6		16		16
			<u>905</u>		<u>1,046</u>
CURRENT ASSETS					
Debtors	7	7,368		12,542	
Cash at bank and in hand		<u>16</u>		<u>119</u>	
		7,384		12,661	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(7,875)		(12,116)	
NET CURRENT (LIABILITIES)/ASSETS			(491)		545
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>414</u>		<u>1,591</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9		(56)		(1,219)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	10		(182)		(213)
NET ASSETS			<u>176</u>		<u>159</u>
CAPITAL AND RESERVES					
Called up share capital	11		5		5
Profit and loss account	12		171		154
SHAREHOLDERS' FUNDS			<u>176</u>		<u>159</u>


) Directors

)

Approved by the directors on 23rd July, 1987.

The notes on pages 9 to 16 form part of these accounts.

CAP (U.K.) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH APRIL, 1987

	1987	1986
	£000	£000
SOURCE OF FUNDS		
Profit on ordinary activities		
before taxation	1,251	59
Depreciation	268	196
FUNDS GENERATED FROM OPERATIONS	1,519	255
Sales of tangible fixed assets	-	5
Sales of investment	-	679
Decrease in net amount due from subsidiaries	5,046	5,092
TOTAL FUNDS GENERATED	6,565	6,031
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	127	596
Transfer of tangible fixed assets from group companies	-	29
Loans repaid	60	56
Tax paid	137	-
Dividends paid	710	-
Increase in net amount due from related companies	-	104
Decrease in net amount due to group companies	5,434	4,060
	(6,468)	(4,845)
NET SOURCE OF FUNDS	97	1,186
INCREASE/(DECREASE) IN WORKING CAPITAL		
Debtors (excluding amounts owed by subsidiaries and other group companies)	(128)	168
Creditors due within one year (excluding amounts owed to group companies, corporation tax and hire purchase loans)	328	347
	200	515
INCREASE/(DECREASE) IN NET LIQUID FUNDS	(103)	671
	97	1,186

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES

The following is a summary of the main accounting policies adopted by the company.

(a) Basis of preparation

The accounts are prepared on the historical cost basis.

Consolidated accounts of the company and its subsidiaries have not been prepared as the company is a wholly owned subsidiary of CAP Group plc.

(b) Turnover

Turnover consists of fees chargeable to customers and group companies for services provided and is exclusive of value added tax and other sales taxes.

(c) Depreciation

Depreciation is provided to write off the cost of tangible fixed assets, using the straight line method, over their estimated useful lives at the following annual rates:

Computer equipment	- 33.3%
Office furniture and equipment	- between 15% and 20%

(d) Deferred taxation

Deferred taxation is provided in respect of timing differences between the recognition of income and expenditure for accounting and tax purposes, except where it is anticipated that tax will not become payable.

(e) Pension contributions

Pension contributions made by the company are charged against the income of the period in which they accrue.

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS2. TURNOVER

Turnover is derived from the following countries:

	<u>1987</u> £000	<u>1986</u> £000
United Kingdom	4,755	4,503
The Netherlands	23	26
United States of America	10	14
	<u>4,788</u>	<u>4,543</u>

Turnover derived from the United Kingdom includes £4,732,000 (1986: £4,474,000) charged to subsidiaries.

3. STAFF COSTS

	<u>1987</u> £000	<u>1986</u> £000
All staff (including directors):		
Salaries	22,999	18,609
Social security costs	1,777	1,304
Other pension costs	383	905
	<u>25,159</u>	<u>20,818</u>
Less:		
Recharged to subsidiaries	(24,236)	(19,701)
Recharged to related companies	(639)	(102)
	<u>284</u>	<u>1,015</u>

The company acts as the administration and management company to the operations of the CAP Group within the United Kingdom. Staff employed by the company are, when appropriate, seconded to individual operating subsidiaries at a rate equal to full salary cost plus social security and other pension costs.

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS3. STAFF COSTS (continued)

	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
The average number of employees during the year was	1,554	1,373
The average number of employees seconded to subsidiaries and related companies was	1,491	1,293
	<hr/>	<hr/>
The average number of employees for which costs are charged in these accounts was	63	80
	<hr/>	<hr/>
<u>Directors' remuneration</u>		
Fees	-	-
Other emoluments including pension contributions	295	388
	<hr/>	<hr/>
	295	388
	<hr/>	<hr/>

The directors received remuneration in the following bands:

	<u>1987</u>	<u>1986</u>
£10,001 - £15,000	1	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£40,001 - £45,000	1	3
£45,001 - £50,000	2	-
£50,001 - £55,000	-	1
£55,001 - £60,000	-	1
£65,001 - £70,000	1	-

The chairman, who was also the highest paid director, received remuneration of £65,778 (1986:£56,405). Emoluments amounting to £40,000 (1986:£nil) have been waived by a director.

Higher paid employees

The number of employees, other than those working wholly or mainly outside the United Kingdom, who received remuneration in excess of £30,000 was as follows:

	<u>1987</u>	<u>1986</u>
£30,001 - £35,000	20	5
£35,001 - £40,000	11	3
£40,001 - £45,000	3	4
£45,001 - £50,000	4	-
£50,001 - £55,000	3	-
£60,001 - £65,000	-	1
£80,001 - £85,000	1	-

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS3. STAFF COSTS (continued)Pension commitments

The company operates contributory pension schemes for eligible employees including directors. The schemes are contracted out of the State Earnings Related Pension Scheme.

The last actuarial valuation was undertaken as at 1st May, 1987 and confirmed that under both the executive and staff pension schemes past service benefits are fully funded on the basis of pensionable salaries as at 1st May, 1987.

All entitlements to preserved benefits and pensions in the course of payment have been funded.

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge for the year is made up as follows:

	<u>1987</u>	<u>1986</u>
	£000	£000
On profit for the year:		
U.K. corporation tax at 35% (1986:40%)	555	79
Deferred tax at 35%	(31)	39
	<u>524</u>	<u>118</u>

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS5. TANGIBLE ASSETS

	Computer equipment £000	Office equipment £000	Furniture fixtures and fittings £000	Total £000
Cost:				
At 1st May, 1986	322	466	842	1,630
Additions	41	48	38	127
At 30th April, 1987	<u>363</u>	<u>514</u>	<u>880</u>	<u>1,757</u>
Depreciation:				
At 1st May, 1986	143	211	246	600
Charge for year	93	62	113	268
At 30th April, 1987	<u>236</u>	<u>273</u>	<u>359</u>	<u>868</u>
Net book value:				
At 30th April, 1987	<u>127</u>	<u>241</u>	<u>521</u>	<u>889</u>
At 30th April, 1986	<u>179</u>	<u>255</u>	<u>596</u>	<u>1,030</u>

The company had no capital commitments at 30th April, 1987 (1986:£nil).

6. INVESTMENTS (UNLISTED)

	£000
Shares in subsidiaries at cost:	
At 30th April, 1987	<u>16</u>

The subsidiaries at 30th April, 1987 were as follows (all holdings were in ordinary shares):

<u>Direct subsidiaries</u>	<u>Proportion held</u>	<u>Country of registration and operation</u>
CAP (Reading) Limited	100%	England
CAP (Northern) Limited	100%	England
Computer Analysts and Programmers (Scotland) Limited	100%	Scotland
Computer Analysts and Programmers (Ireland) Limited	100%	Eire
CAP Microsoft Limited	75%	England
Computer Program Products (Technical Services) Limited	100%	England
<u>Indirect subsidiaries</u>		
CAP-CPP MicroProducts Limited	75%	England

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS7. DEBTORS

	<u>1987</u> £000	<u>1986</u> £000
Trade debtors	55	10
Amounts owed by subsidiaries	2	51
Amounts owed by other group companies	6,739	11,736
Amounts owed by related companies	92	118
Value added tax	-	92
Other debtors	280	236
Prepayments and accrued income	200	299
	<u>7,368</u>	<u>12,542</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1987</u> £000	<u>1986</u> £000
Amounts owed to group companies	5,813	10,162
Corporation tax	527	109
Value added tax	19	-
Other taxation and social security payable	950	759
Hire purchase loans	78	60
Other creditors	250	789
Accruals	238	237
	<u>7,875</u>	<u>12,116</u>

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Amounts owed to subsidiaries	10	10
Amounts owed to other group companies	-	1,085
Hire purchase loans wholly repayable within five years	46	124
	<u>56</u>	<u>1,219</u>

10. DEFERRED TAXATION

	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Amount provided and total potential liability:		
In respect of accelerated capital allowances	182	213
	<u>182</u>	<u>213</u>

11. SHARE CAPITAL

	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Authorised, issued and fully paid: 4,500 ordinary shares of £1 each	5	5
	<u>5</u>	<u>5</u>

12. PROFIT AND LOSS ACCOUNT

	<u>£000</u>
At 1st May, 1986	154
Retained profit for year	17
At 30th April, 1987	<u>171</u>

CAP (U.K.) LIMITEDNOTES TO THE ACCOUNTS13. ULTIMATE HOLDING COMPANY

The ultimate holding company is CAP Group plc which is incorporated in England.

14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

- (a) The company had commitments under operating leases to pay the following amounts during the ensuing year:

	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
In respect of plant and machinery:		
Commitments expiring - within 1 year	78	60
In respect of land and buildings:		
Commitments expiring - after 5 years	810	810
	<u>888</u>	<u>870</u>

- (b) The company, together with its parent company and certain other United Kingdom subsidiaries, have given guarantees and floating charges to their bankers for overdraft and loan facilities. The indebtedness at 30th April, 1987 was £nil (1986:£nil).