

SEMA UK LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001**

REGISTERED NUMBER 1245534



Sema UK Limited

Report of the Directors For the Year Ended 31 December 2001

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2001.

Principal Activities and Review of the Business and Future Developments

The principal activities of the Company during the year have been the provision of information technology and consultancy services, the provision of computer facilities management services, as well as the continued provision of management services to the other group undertakings of Sema plc. The Company operates branches in Taiwan and Hungary.

On 6 April 2001 following acceptance by a majority of the shareholders of Sema plc of an offer from the Schlumberger group for the entire share capital of Sema plc, Schlumberger Limited became the Company's ultimate parent undertaking. This offer became unconditional on 6 April 2001.

The acquisition of Sema plc group was completed by the transfer of ownership to Schlumberger Investments in June 2001. Sema plc subsequently delisted as public limited company in September 2001, changed its status to a private limited liability company and changed its name to Sema Limited accordingly.

The Schlumberger Group then undertook a restructuring of the former Sema plc group which included transferring the direct ownership of the Company from Sema plc to Schlumberger plc, which is now the immediate parent undertaking of the Company.

The directors believe the Company will continue its principal activities of information technology and consultancy services in the forthcoming year.

Results and Dividends

The results of the Company are shown on page 5.

The results show an operating loss for the financial year of £138,108,000 (2000: operating profit of £18,779,000). The loss for the year is driven by a mix of factors including a general decline in profitability due to unforeseen factors on certain of the Company's long term contracts, the recognition of redundancy costs and costs associated with the restructuring of the Sema UK Limited group and a number of other non-recurring expenses.

The directors do not recommend the payment of a dividend (2000: £11,000,000). Transfers to reserves are disclosed in Note 18 to the financial statements.

Going Concern

The directors have received written confirmation from the immediate parent undertaking Schlumberger plc, that it intends to provide such financial support to the Company as is necessary, for the foreseeable future and at least for the next 12 months to enable it to continue in operation without any significant curtailment and to meet its liabilities as they fall due. Accordingly they consider it appropriate to prepare these financial statements on a going concern basis.

Directors

The names of the present directors of the Company and details of changes during the year are as follows:

D Baillie	(Appointed 30 October 2001)
W Bitan	(Resigned 30 June 2001)
P S E Bonelli	(Resigned 12 July 2002)
A Goldby	(Appointed 30 June 2001)
F S Jones	
N Ray	(Appointed 30 June 2001)

Sema UK Limited

Report of the Directors

For the Year Ended 31 December 2001 (Continued)

Directors' Interests

No director had an interest in the shares of the Company or any other group company which requires notification to the Company under Section 324 of the Companies Act 1985 (2000: nil).

Research and Development

The Company undertakes a number of research and development (R&D) projects which are mainly devoted to application packages, methods and tools, particularly in the telecoms, banking and transport fields. The total expenditure on R&D in the year was £14,953,000 (2000: £18,156,000).

Environment Report

As an information technology service provider, the Company's operations in themselves have minimal direct impact on the environment. However, the Board recognises that even office-based working structures can have a negative impact on the environment and have adopted an environmental policy which has the following main features:

- To meet the statutory requirements which are placed on the Company in its various countries of operation;
- To recycle as much of the Company's waste products as is economically possible, recognising that office based environments produce quantities of waste paper;
- To dispose of any hazardous resources employed by the Company in an environmentally friendly manner;
- To apply good environmental practice in outsourcing and managed services businesses both to the level and beyond that required by contractual obligations;
- To encourage staff to adopt environmentally friendly practices in their employment with the Company.

Disabled Employees

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.

Policy on Payment to Creditors

The Company does not operate a discriminatory policy with regard to suppliers, with the major supply contracts being subject to regular review by management and some long-term contracts being subject to a tender process. It is the Company's policy to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that both parties are aware of the payment terms and abide by them. The average creditor days for 2001 were 26 (2000: 33).

Political and Charitable Contributions

During the year the Company made no political contributions. Various charitable contributions totalled £1,975 (2000: £500).

Pension Schemes

Prior to the Schlumberger acquisition, employees of the Company were offered membership of the Sema Group Pension Scheme, which is a defined benefit scheme. This scheme was closed to new members in June 2001 following Schlumberger's acquisition and all new employees are now offered membership of the Schlumberger UK "Orange" Pension Scheme which is a defined contribution scheme.

Certain staff who transfer from UK Government and Local Government employment under outsourcing agreements are also offered membership of the Sema Group CS Pension scheme which is also a defined benefit scheme, designed to maintain the pension benefits of these staff.

Sema UK Limited

Report of the Directors

For the Year Ended 31 December 2001 (Continued)

Former staff of BR Business Systems Ltd who transferred to the employment of the Company on 31 December 1998 are entitled to membership of the Sema UK Ltd shared cost section of the Railway Pension Scheme, a defined benefit scheme. All schemes are contracted out of the State Earnings Related Pension Scheme.

Employee Involvement

Employees are regularly provided with information on matters of concern to them as employees.

They are further encouraged to be involved in the Group's performance by being eligible to purchase stock of the ultimate parent company, Schlumberger Limited, at a discounted rate through an annual savings scheme.

The Company also lays stress on achieving a common awareness of all employees in relation to the financial and economic factors that affect the performance of the Group.

Statements of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors to the Company will be put to the forthcoming Annual General Meeting.

By order of the Board



Neil Ray
Company Secretary

27 September 2002

Auditors Report To The Members Of Sema UK Limited

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 to you 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 is not disclosed.

We read the other information contained in the annual report 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 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's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
West London Office

27 September 2002

Sema UK Limited

Profit And Loss Account For The Year Ended 31 December 2001

	Notes	2001 £000	2000 £000 * restated
Turnover			
Continuing operations	3	509,725	564,477
Operating costs (including exceptional costs £95,902,000, 2000: £11,646,000)	6	(647,833)	(545,698)
Operating (loss)/profit			
Continuing operations		(138,108)	18,779
Income from shares in group undertakings		-	5,000
(Loss)/profit before interest and taxation		(138,108)	23,779
Interest receivable	4	3,191	2,446
Interest payable	5	(815)	(2,098)
(Loss)/profit on ordinary activities before taxation	6	(135,732)	24,127
Tax credit/(charge) on ordinary activities	8	28,913	(9,466)
(Loss)/profit on ordinary activities after taxation		(106,819)	14,661
Dividend	9	-	(11,000)
(Loss)/profit (deducted from)/ transferred to reserves	18	(106,819)	3,661

Statement of Total Recognised Gains and Losses For The Year Ended 31 December 2001

	2001 £000	2000 £000 * restated
(Loss)/profit for the financial year	(106,819)	14,661
Currency translation differences on loans to group companies (note 18)	(2)	128
Tax effect of currency translation differences (note 18)	-	(39)
Total recognised (losses)/gains relating to the year	(106,821)	14,750
Prior period adjustments (as explained in note 2, Accounting Policies)	(3,561)	-
Total (losses)/gains recognised since last annual report	(110,382)	14,750

The currency translation differences relate to a long term loan to an overseas fellow group company to finance foreign equity investments. Consequently, these gains and losses are considered to be part of a global group financing strategy and not reflective of the activities of the Company. The cumulative effect of these net currency translation losses amounts to £14,302,000 at 31 December 2001 (2000: £14,300,000).

The notes on pages 7 to 20 form part of these financial statements.

* See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

Sema UK Limited

Balance Sheet As At 31 December 2001

	Notes	2001 £000	2000 £000 * restated
Fixed assets			
Intangible Assets	10	5,012	13,505
Tangible Assets	10	9,046	27,249
Investments	11	37,461	69,419
		<u>51,519</u>	<u>110,173</u>
Current assets			
Debtors:			
Due within one year	12	190,048	166,273
Due after one year	12	90,381	79,959
Cash at bank and in hand		34,625	61,277
		<u>315,054</u>	<u>307,509</u>
Creditors: amounts falling due within one year	13	<u>(154,065)</u>	<u>(141,692)</u>
Net current assets		<u>160,989</u>	<u>165,817</u>
Total assets less current liabilities		<u>212,508</u>	<u>275,990</u>
Creditors: amounts falling due after more than one year	14	(260,201)	(241,613)
Provisions for liabilities and charges	16	(26,669)	(1,918)
Net (liabilities)/assets		<u>(74,362)</u>	<u>32,459</u>
Capital and reserves			
Called up share capital	17	12,750	12,750
Profit and loss account	18	(87,112)	19,709
Equity shareholders' (deficit)/funds	19	<u>(74,362)</u>	<u>32,459</u>

Approved by the board of directors and signed on its behalf by:


Neil Ray
Director

27 September 2002

The notes on pages 7 to 20 form part of these financial statements.

* See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

Sema UK Limited

Notes to the Accounts At 31 December 2001

1 Change in Ownership

In April 2001 Schlumberger Limited became the Company's ultimate parent undertaking following acceptance by a majority of the shareholders of Sema plc (formerly the Company's ultimate parent undertaking) of an offer from the Schlumberger group for the entire share capital of Sema plc. This offer became unconditional on 6 April 2001.

The acquisition of Sema plc group was completed by the transfer of ownership to Schlumberger Investments in June 2001, a company established as the acquisition vehicle. Sema plc subsequently de-listed as public limited company in September 2001, changed its status to a private limited liability company and changed its name to Sema Limited accordingly.

The Schlumberger Group then undertook a restructuring of the former Sema plc group which included transferring the direct ownership of the Company from Sema plc to Schlumberger plc, which is now the immediate parent undertaking of the Company.

Following its acquisition, the Company performed a review and has aligned its accounting policies with those of its parent Schlumberger plc.

2 Accounting Policies

The following is a summary of the main accounting policies adopted by the Company:

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The Company is exempt from preparing and delivering group accounts under section 228 of the Companies Act 1985.

The directors have received written confirmation from the immediate parent undertaking Schlumberger plc, that it intends to provide such financial support to the Company as is necessary, for the foreseeable future and at least for the next 12 months to enable it to continue in operation without any significant curtailment and to meet its liabilities as they fall due. Accordingly they consider it appropriate to prepare these financial statements on a going concern basis.

b) Restatement of prior period

In December 2000, the Accounting Standards Board (ASB) published Financial Reporting Standard 19 'Deferred Tax'. The Company has adopted FRS 19 for the year ended 31 December 2001.

In addition, consistent with group accounting policies, the Company has accrued its obligations to meet employee vacation entitlements as at 31 December 2001.

As a result, comparative figures consolidating the impact of both changes in accounting policy for the year ended 31 December 2000 have been adjusted as follows:

	Opening Shareholders' Funds £'000	Loss for Financial Year £'000	Closing Shareholders' Funds £'000	Accruals & Corporation Tax £'000	Deferred Tax Liability £'000
As previously reported	32,952	13,979	36,020	52,293	-
Effect of change in accounting policy	(4,243)	682	(3,561)	3,059	502
As restated	<u>28,709</u>	<u>14,661</u>	<u>32,459</u>	<u>55,352</u>	<u>502</u>

Current year loss after tax is reduced by £3,561,000 as a consequence of the change in accounting policy.

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Notes to the Accounts At 31 December 2001 (continued)

c) *Turnover*

Turnover consists of amounts chargeable to customers and other group undertakings for services provided and is exclusive of Value Added Tax and other sales taxes.

Systems integration turnover is recognised on a percentage of completion basis for fixed price contracts and as the services are delivered for time and materials contracts. All turnover is recorded on a gross basis. Losses on fixed price contracts are recognised in the first period as they are incurred or foreseen.

Outsourcing turnover is recognised as services are delivered.

The Company's product turnover is derived from the sales of licences for its software, maintenance and related services, which include installation, consulting and training services. If services are essential to the functionality of the software, turnover derived from the contract is recognised based on the percentage of completion basis.

Turnover from annual maintenance and support is deferred and recognised rateable over the term of the contract. Turnover from consulting and training are deferred and recognised when the services are performed and collectibility is deemed probable.

Payments received in advance of turnover recognition are recorded as deferred revenue. Amounts recognised as turnover but not billed to customers are recorded as "Amounts recoverable on contracts".

d) *Fixed Assets*

Intangible assets, representing purchased software licences for provision of customer services are capitalised at cost. Software licence costs are amortised over the period of the licence or the term of the sales contract, whichever is shorter. Amortisation is charged from the commencement of the licence's deployment.

Depreciation is provided to write off the cost of tangible fixed assets, using the straight line method at the following rates per annum:

Leasehold improvements:	over the period of the lease
Computer equipment:	33.3%
Office furniture, cars and equipment:	between 15% and 33.3%

e) *Deferred taxation*

FRS 19 'Deferred tax' has been implemented during the year ended 31 December 2001. Comparative figures have been restated accordingly. In accordance with FRS 19, a full provision for deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date. Previously the provision for deferred tax was accounted for on the partial provisioning basis required by Statement of Standard Accounting Practice 15. The effect of this change in accounting policy on the results and net assets of the Company is detailed in Note 2b.

f) *Investments*

Investments are stated at cost less provision for any impairment in value. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recorded.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

g) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. Transactions are recorded at the rate prevailing at the date of the transaction. Exchange differences arising are dealt with through the profit and loss account, except where they relate to the foreign equity investments where gains and losses are taken directly to reserves together with their related tax effect.

h) Pension contributions

The expected cost of providing pension benefits to employees is charged to the profit and loss account over the period benefiting from the employees' services.

The Company is a participating member of various pension schemes (refer note 7) and the pension costs charged to the profit and loss accounts reflect the amounts payable to the schemes.

i) Leases

The cost of assets held under finance leases is included under tangible assets and depreciation is provided in accordance with the Company's accounting policy for the class of asset concerned. The interest cost is charged evenly over the term of the lease in accordance with applicable accounting standards and the capital element of future lease payments is included in creditors. The cost of operating leases is charged as incurred.

j) Cash flow statement

The Group has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard No. 1 (Revised 1996) "Cash Flow Statements" and accordingly has not prepared a cash flow statement.

k) Research and development

Expenditure on research and development is charged against the income of the period in which it is incurred, except to the extent that such expenditure is recoverable from third parties.

l) Related party disclosures

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures" paragraph 3(c).

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Notes to the Accounts At 31 December 2001 (continued)

3 Turnover

Turnover is derived by destination from the following geographical regions:

	2001 £000	2000 £000 * restated
United Kingdom	442,691	497,419
Rest of Europe	53,934	45,787
Asia	10,021	2,443
The Americas	2,986	9,490
Rest of the world	93	9,338
	<u>509,725</u>	<u>564,477</u>

Turnover is derived by class of business as follows:

	2001 £000	2000 £000 * restated
Outsourcing	239,895	389,359
Systems Integration	252,795	95,929
Products	17,035	79,189
	<u>509,725</u>	<u>564,477</u>

* Prior year turnover previously disclosed as intragroup turnover has been reclassified by geographical region and by class of business.

4 Interest Receivable

	2001 £000	2000 £000
Interest on bank balances and short term investments	842	790
Interest receivable on intragroup loan	2,349	1,656
	<u>3,191</u>	<u>2,446</u>

5 Interest Payable

	2001 £000	2000 £000
Interest on bank overdrafts and loans repayable within 5 years	518	1,745
Finance lease charges	192	339
Interest payable on intragroup loan	105	-
Other interest payable	-	14
	<u>815</u>	<u>2,098</u>

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

6 (Loss)/Profit Before Taxation

	2001 £000	2000 £000
(Loss)/profit before taxation is stated after charging the following:		
Staff costs (note 7)	211,341	204,211
Research and development	14,953	18,156
Depreciation of tangible fixed assets and amortisation of intangibles (note 10)	20,799	21,855
Auditors' remuneration – audit services	338	240
Auditors' remuneration – non audit services	31	329
Operating leases:		
- land and buildings and other assets	14,147	12,376
- plant and machinery	6,779	6,428

Analysis of Operating Costs

	2001 £000	2000 * restated £000
Operating costs	551,931	534,052
Exceptional operating costs (see below)	95,902	11,646
	<u>647,833</u>	<u>545,698</u>

Exceptional Operating Costs

	2001 £000	2000 £000 * restated
Redundancy/restructuring costs	19,689	7,246
Amounts written off investments (Note 11)	31,958	4,400
Impairment of tangible and intangible fixed assets (Note 10) **	18,346	-
Legal and professional costs associated with the Sema group acquisition by Schlumberger	25,909	-
	<u>95,902</u>	<u>11,646</u>

The exceptional restructuring costs of £19,689,000 paid in the year (2000: £7,246,000) are redundancy costs incurred during the period in anticipation of the expected synergies following the Schlumberger acquisition.

The results for the year include exceptional write downs of £31,958,000 (2000: £4,400,000) in the value of the Company's investments. Of this amount, £20,432,000 is a write off of investment in dormant subsidiary Sema Outsourcing plc which is being liquidated in 2002. A further £9,739,000 is a write off of the Company's trade investment.

* Prior year exceptional items have been reclassified as exceptional ordinary items in line with accounting treatment in the current period.

** The Company has performed a review of the carrying value of its tangible and intangible assets in light of the present difficult business conditions which resulted in impairment writedowns being booked during the period.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

7 Staff Costs

The aggregate payroll costs during the year were as follows:

	2001 £000	2000 £000
Staff (including directors):		
Wages and salaries	181,057	175,558
Social security costs	15,411	15,184
Other pension costs	14,873	13,469
	<u>211,341</u>	<u>204,211</u>

	2000 Number	1999 Number
The average number of employees during the year was:	<u>5,082</u>	<u>5,631</u>

Directors' Remuneration

	2001 £000	2000 £000
Emoluments excluding pension contributions:	<u>658</u>	<u>274</u>
	<u>658</u>	<u>274</u>

The highest paid director received remuneration in 2001 of £372,320 (2000: £196,450), excluding pension contributions.

Retirement benefits are accruing to two directors (2000: one) under the Sema Group Pension Scheme and Schlumberger UK Pension scheme referred to below.

Directors' interest in contracts

No director had any material interest in any contract of significance to the business of the Company or Group during or at the end of the year to 31 December 2001.

Pension arrangements

The Company is a participating member of the Sema Group Pension Scheme and the Sema Group CS Pension Scheme, both being defined benefit pension schemes which provide pensions and other related benefits for those employees of Sema plc's UK subsidiaries who elect to become members. Staff from the former BR Business Systems Ltd, who transferred on 31 December 1998 are entitled to be members of the Sema UK Ltd shared cost section of the Railways Pension Scheme, a defined benefit pension scheme.

The Sema Group Pension Scheme was closed to new members in June 2001. All new employees are offered membership of the Schlumberger UK "Orange" Pension Scheme which is a defined contribution scheme.

The financial effects of the Sema Group Pension Scheme, Sema Group CS Pension Scheme and Sema UK Ltd shared cost section of the Railways Pension Scheme, are disclosed in the consolidated financial statements of Schlumberger plc.

In these financial statements the charge in the profit and loss account for the year was £14,873,000 (2000: £13,469,000).

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

8 Taxation

The taxation (credit)/charge based on the loss/(profit) for the year as adjusted for taxation purposes may be analysed as follows:

	2001 £000	2000 £000 * restated
Current Year		
<i>On ordinary activities</i>		
United Kingdom tax at 30% (2000: 30%):	(3,313)	9,979
Prior year adjustment	(506)	(21)
	<u>(3,819)</u>	<u>9,958</u>
Deferred Tax		
Current year (Note 15)	(25,094)	(492)
	<u>(28,913)</u>	<u>9,466</u>

* See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

The current tax for the year is a 3% tax charge on the loss for the year (2000: 41% tax charge on the profit for the year), 33% (2000: 11%) different than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2001 £'000	2000 £'000
Loss/(profit) on ordinary activities before tax	135,732	(24,127)
Tax (credit)/charge on loss before tax at standard rate of 30% (2000: 30%)	(40,720)	7,239
Expenses not deductible for taxation purposes	6,708	410
Non taxable income – dividends received	-	(1,500)
Write down of investments not subject to corporation tax	8,318	1,320
Depreciation in excess of capital allowances	5,897	585
Increase in provisions	19,197	(93)
Other including over provision in prior period	(3,219)	1,997
	<u>(3,819)</u>	<u>9,958</u>
Actual current tax (credit)/charge on loss/(profit) before tax		

9 Dividends

	2000 £000	2000 £000
Dividends paid	<u>-</u>	<u>11,000</u>

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

10 Intangible and Tangible Assets

	INTANGIBLE ASSETS	TANGIBLE ASSETS			
	Software Licences	Leasehold Improvements	Computer Equipment	Office Furniture, Cars and Equipment	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2001	22,279	6,085	82,361	16,454	104,900
Additions	4,000	125	7,008	1,513	8,646
Disposals	-	-	(1,168)	-	(1,168)
At 31 December 2001	<u>26,279</u>	<u>6,210</u>	<u>88,201</u>	<u>17,967</u>	<u>112,378</u>
Depreciation:					
At 1 January 2001	8,774	1,272	64,833	11,545	77,650
Charge for year	6,965	45	11,077	2,712	13,834
Charge for impairment (see note 6)	5,528	-	12,818	-	12,818
Disposals	-	-	(970)	-	(970)
At 31 December 2001	<u>21,267</u>	<u>1,317</u>	<u>87,758</u>	<u>14,257</u>	<u>103,332</u>
Net Book Amount:					
At 31 December 2001	<u>5,012</u>	<u>4,893</u>	<u>443</u>	<u>3,710</u>	<u>9,046</u>
At 31 December 2000	<u>13,505</u>	<u>4,813</u>	<u>17,528</u>	<u>4,909</u>	<u>27,249</u>

The net book amount of computer equipment held under finance leases is £5,000 (2000: £751,000). The depreciation charge for the year includes amounts in respect of computer equipment held under finance leases of £557,000 (2000: £3,371,000). During the year, computer equipment held under finance lease with a net book amount of £189,000 was disposed of.

As at the balance sheet date, the net book amount of office furniture, motor vehicles and equipment held under finance leases was £ nil (2000: £63,000). The depreciation charge for the year includes amounts in respect of these assets of £63,000 (2000: £308,000).

At 31 December 2001, the Company has contracted for capital expenditure for which no provision has been made in the financial statements of £1,630,011 (2000: £1,089,208).

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

11 Investments

	Investments £000	Group Undertakings £000	Total £000
Cost			
At 1 January 2001	14,139	59,680	73,819
At 31 December 2001	14,139	59,680	73,819
Provisions			
At 1 January 2000	4,400	-	4,400
Amounts provided in the year	9,739	22,219	31,958
At 31 December 2000	14,139	22,219	36,358
Net Book Amount 31 December 2001	-	37,461	37,461
Net book amount 31 December 2000	9,739	59,680	69,419

Investments

The amounts provided during the year of £9,739,000 (2000: £4,400,000) represents a full write down of the Company's trade investments.

Group Undertakings

Amounts provided during the year represents an exceptional write down of the investment of £20,432,000 in a dormant subsidiary Sema Outsourcing plc which is being liquidated in 2002. The investment has been written down to the value of the final dividend expected to be received in 2002. A further £1,787,000 (2000: £nil) has been written off against other group undertakings, principally dormant subsidiaries.

The active group undertakings at 31 December 2001, both of which were engaged in the provision of information technology services, were as follows (all holdings were in ordinary shares):

	Voting rights & proportion held	Country of registration & operation
<i>Principal direct subsidiary undertakings</i>		
Sema Group Barbados Limited	100%	England and Barbados
Sema Group Limited	100%	Hong Kong

In the opinion of the Directors, the value of the Company's investments in its subsidiaries is not less than the amount at which they are stated in the balance sheet.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

12 Debtors

	2001 £000	2000 £000
Trade debtors	61,124	58,562
Amounts recoverable on contracts	32,815	30,015
Amounts owed by group undertakings	134,188	99,836
Corporation tax	1,349	-
Deferred taxation (see note 15)	24,592	-
Other debtors	14,198	5,192
Prepayments and accrued income	12,163	52,627
	<u>280,429</u>	<u>246,232</u>

Amounts falling due after more than one year and included above as amounts owed by group undertakings total £80,427,000 (2000: £79,959,000). Further, included within deferred taxation above is an asset of £9,954,000 which relates to amounts falling due in more than one year.

13 Creditors: amounts falling due within one year

	2001 £000	2000 £000 * restated
Trade creditors	38,845	47,723
Amounts owed to group undertakings	27,769	19,386
Corporation tax	-	11,129
Other taxation and social security	5,418	14,177
Hire purchase and finance lease commitments	1,083	1,667
Deferred taxation (see note 15)	-	502
Other creditors	16,790	2,885
Accruals	64,160	44,223
	<u>154,065</u>	<u>141,692</u>

*See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

14 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Amounts owed to parent undertaking	-	235,593
Amounts owed to group undertakings	259,562	4,322
Hire purchase and finance lease commitments falling due:		
- Between 1 and 2 years	-	1,059
- Between 2 and 5 years	639	639
	<u>260,201</u>	<u>241,613</u>

The amounts owed to group undertakings are non-interest bearing and have no fixed repayment date but are not due for repayment within the following year.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

15 Deferred taxation (liability)/asset

	£'000 * restated
Balance at 1 January 2001 as previously reported	-
Prior period adjustment*	(502)
As restated	(502)
Amount credited to the profit and loss account (Note 8)	25,094
Balance at 31 December 2001	24,592

At 31 December 2001 deferred taxation asset/(liability) is represented by the following timing differences:

	Recognised Asset £'000	2001 Total Potential Asset £'000	Recognised (Liability)/ Asset £'000	2000 Total Potential (Liability)/ Asset £'000
Accelerated capital allowances	5,075	5,075	(822)	(822)
Short term timing differences	19,517	19,517	320	320
	<u>24,592</u>	<u>24,592</u>	<u>(502)</u>	<u>(502)</u>

The Directors are satisfied that future taxable profits support recognition of the deferred tax asset associated with timing differences.

* See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

16 Provisions for Liabilities and Charges

	Property Dilapidations £000	2001 Provisions on Contracts £000	Total £000	2000 Total £000
At 1 January	1,405	513	1,918	1,893
Provisions on contracts charged/(utilised) during the year	-	15,814	15,814	513
Provision for property dilapidations (released)/created during the year	8,937	-	8,937	(488)
At 31 December	<u>10,342</u>	<u>16,327</u>	<u>26,669</u>	<u>1,918</u>

The provision for property dilapidations relates to the obligation to reinstate certain properties to their former condition at the end of the lease period or other potential exit date and are expected to be incurred between 2001 and 2005.

The provision on contracts relates to foreseeable losses expected to be incurred over the duration of the long term contracts.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

17 Share Capital

	2001 £000	2000 £000
<i>Authorised:</i>		
15,000,000 ordinary shares of £1 each (2000:15,000,000)	15,000	15,000
<i>Allotted, called-up and fully-paid:</i>		
12,750,000 ordinary shares of £1 each (2000:12,750,000)	12,750	12,750

18 Reserves

	Profit & Loss Account £000
As at 1 January 2001 as previously reported	23,270
Prior year adjustment to profit for the year*	682
Prior year adjustment to retained earnings brought forward*	(4,243)
As restated	19,709
Retained loss for the financial year	(106,819)
Other gains and losses:	
Foreign exchange	(2)
At 31 December 2001	(87,112)

* See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

Foreign exchange relates to exchange losses on long term loans to an overseas fellow group company to finance foreign equity investments.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

19 Reconciliation of Movement in Shareholders' Funds

	Total Shareholders' Funds	
	2001 £000	2000 £000
Opening shareholders' funds as previously reported	36,020	32,952
Prior period adjustment*	(3,561)	(4,243)
Opening shareholders' funds as restated	32,459	28,709
Retained (loss)/profit for the financial year	(106,819)	14,661
Dividend paid	-	(11,000)
Other gains and losses:		
Foreign exchange (losses)/gains	(2)	128
Tax effect of foreign exchange gains	-	(39)
Net (reduction)/addition to shareholders funds	(106,821)	3,750
At 31 December	(74,362)	32,459

* See Note 2b) to the Financial Statements, Accounting policies – Restatement of Prior Period.

20 Guarantees and Other Financial Commitments

The Company had commitments under non-cancellable operating leases to pay the following amounts during the ensuing year:

	2001 £000	2000 £000
In respect of land and buildings:		
Commitments expiring:		
- within one year	523	509
- between one and five years	2,702	2,649
- after five years	5,121	5,723
	8,346	8,881
In respect of other assets		
Commitments expiring:		
- within one year	2,171	1,119
- between one and five years	4,369	5,598
	6,540	6,717

The Company is also party to an unlimited cross party guarantee between former Sema group companies and HSBC.

Sema UK Limited

Notes to the Accounts At 31 December 2001 (continued)

21 Ultimate Parent Undertaking

Schlumberger plc, a company registered in England, is the parent undertaking of the smallest group of undertakings of which Sema UK Limited is a member and for which group accounts are drawn up.

Schlumberger Limited, a company incorporated in the Netherlands Antilles, is the ultimate parent company for which group accounts are prepared.

Copies of the accounts of Schlumberger plc can be obtained from 8th Floor, South Quay Plaza 2, 183 Marsh Wall, London, E14 9SH and Schlumberger Limited from 153 East 53rd Street, New York, NY 10022-4624, U.S.A.