

SEMA GROUP UK LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999**

REGISTERED NUMBER 1245534



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**SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999**

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1999.

Principal Activities, 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 United Kingdom group undertakings of Sema Group plc.

On 31 December 1998 the entire businesses, trades, assets and liabilities of BR Business Systems Limited and Meridian Information Systems Limited were transferred to the company at net book value, which in the opinion of the directors approximates fair value.

Results and Dividends

The results of the company are shown on page 5.

The results show an operating profit for the financial year of £18,808,000 (1998: £6,697,000).

The directors recommend the payment of a dividend of £23,000,000 (1998: £15,000,000). Transfers to reserves are disclosed in Note 15 to the financial statements.

Directors

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

P S E Bonelli (Chairman)
W Bitan
F S Jones

Directors' Interests

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

The beneficial and immediate family interests of P S E Bonelli, W Bitan and F S Jones in the shares of the ultimate parent undertaking, Sema Group plc, and its subsidiary undertakings are disclosed in the financial statements of that company.

Environment Report

As an information technology service provider, the company's operations are in themselves of minimal direct impact on the environment. However, the directors recognise 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.

**SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999**

DIRECTORS' REPORT (CONTINUED)

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. The average creditor days for 1999 were 84 (1998: 119).

Year 2000

The company has ongoing programmes to ensure that both its services and internal systems are year 2000 compliant. No problems were encountered in relation to the year 2000 date changeover.

Pension Schemes

Employees of the company are offered membership of the Sema Group Pension Scheme, which is a defined benefit 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. 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 Group 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

The company organises staff communication both centrally and locally. The media used for centrally organised communication include technical newsletters, information circulars and copies of press releases. At local level regular staff meetings are held and divisions publish notices containing information about matters of interest. The staff are represented on the board of trustees of both the Sema Group pension schemes in the United Kingdom.

Statements of Directors' Responsibilities

The following statements are made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of the profit or loss of the company for the financial year.

The directors consider that, in preparing the financial statements on pages 5 to 15, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company at any time, and which enable them to ensure that the financial statements comply with the United Kingdom Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business. On the basis of their review of the company's order book, its present and forecast liquidity as well as its 2000 and 2001 budgeted profit and cash flow and other factors, the directors have no reason to doubt that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing these financial statements.

**SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999**

DIRECTORS' REPORT (CONTINUED)

Auditors

A resolution to re-appoint PricewaterhouseCoopers and to authorise the directors to fix their remuneration will be part of the forthcoming annual general meeting.

By order of the Board



N Deeming
Company Secretary

Registered Office
233 High Holborn
London
WC1V 7DJ

Date: 31/10/2000.

**SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999**

AUDITORS' REPORT

Auditors' report to the members of Sema Group UK Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

Date: 31 October 2000

Thames Court
1 Victoria Street
Windsor
Berkshire
SL4 1HB

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

PROFIT AND LOSS ACCOUNT

	Notes	Total 1999 £000	Total 1998 £000
Turnover			
Continuing operations *	2	499,776	316,918
Operating costs		<u>(480,968)</u>	<u>(310,221)</u>
Operating profit			
Continuing operations		18,808	6,697
Profit on disposal of interests in group undertakings	9	-	41,637
Income from shares in group undertakings		-	9,032
Exceptional restructuring costs	4	<u>(2,800)</u>	<u>-</u>
Profit before interest and taxation		16,008	57,366
Net interest receivable (payable)	3	<u>1,054</u>	<u>(485)</u>
Profit before taxation	4	17,062	56,881
Taxation	6	<u>(5,300)</u>	<u>(10,154)</u>
Profit on ordinary activities after taxation	15	11,762	46,727
Dividend	7, 15	<u>(23,000)</u>	<u>(15,000)</u>
Amount transferred to reserves	15	<u><u>(11,238)</u></u>	<u><u>31,727</u></u>

STATEMENT OF TOTAL GAINS AND LOSSES

	1999 £000	1998 £000
Profit for the financial year	11,762	46,727
Currency translation differences on loans to group companies (note 15)	(5,193)	2,467
Tax effect of currency translation differences (note 15)	1,570	(765)
Total recognised gains and losses relating to the year	<u><u>8,139</u></u>	<u><u>48,429</u></u>

* The 1999 result includes the effects of the results of the operations of BR Business Systems Limited, and Meridian Information Systems Limited, whose business, trades, assets and liabilities were transferred into the company at 31 December 1998 at net book value. The business operations of these entities have been fully integrated into the existing activities of Semia Group UK Limited, and therefore it is not practicable to separately analyse these entities' results for the year.

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 £14,428,000 at 31 December 1999 (1998: £9,235,000).

The notes on pages 7 to 15 form part of these financial statements.

SEMA GROUP UK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 1999

	Notes	1999 £000	1998 £000
Fixed assets			
Intangible Assets	8	5,683	3,434
Tangible Assets	8	32,409	25,434
Investments	9	63,815	84,780
		<u>101,907</u>	<u>113,648</u>
Current assets			
Debtors:			
Due within one year	10	151,948	108,998
Due after one year	10	67,786	69,002
Cash at bank and in hand		5,316	39,185
		<u>225,050</u>	<u>217,185</u>
Creditors: amounts falling due within one year	11	<u>(138,322)</u>	<u>(157,993)</u>
Net current assets		<u>86,728</u>	<u>59,192</u>
Total assets less current liabilities		<u>188,635</u>	<u>172,840</u>
Creditors: amounts falling due after more than one year	12	(153,790)	(124,416)
Provisions for liabilities and charges	13	(1,893)	(611)
		<u>32,952</u>	<u>47,813</u>
Capital and reserves			
Called up share capital	14,15	12,750	12,750
Profit and loss account	15	20,202	35,063
Equity shareholders' funds	15	<u>32,952</u>	<u>47,813</u>

The notes on pages 7 to 15 form part of these financial statements.

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



F S Jones
Director

Date: 31/10/2000

NOTES TO THE FINANCIAL STATEMENTS

1 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.

Group financial statements of the company and its group undertakings have not been prepared as the company has taken advantage, as a wholly owned group undertaking of Sema Group plc, of the dispensation available under the United Kingdom Companies Act 1985.

b) Turnover

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

c) Amounts recoverable on contracts

Work is undertaken for customers either on the basis that time and materials are billed as incurred or according to the terms of fixed price or limited price contracts (which are substantially long term). With respect to the former, turnover and profits are recognised according to time worked. With respect to fixed or limited price contracts, turnover is recognised according to the percentage of the estimated total contract value completed and a prudent proportion of profit is also recognised as the contract progresses. All losses are recognised as soon as incurred or foreseen.

d) Fixed Assets

Intangible assets comprise the cost of licences for computer software deployed in providing services to third party customers as amortised over the period of the licence.

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

Deferred taxation is provided in respect of timing differences between the recognition of income and expenditure for accounting and tax purposes, to the extent that any related reduction in the tax charge cannot be expected with reasonable probability to continue for the foreseeable future.

f) Investments

Investments are stated at cost less provision for any impairment in value.

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.

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting Policies (continued)

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.

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

No cash flow statement has been prepared, as the company is a wholly owned subsidiary of Semia Group plc. The cash flows of the company are incorporated in the consolidated cash flow statement shown in the financial statements of Semia Group plc.

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.

2 Turnover

	1999	1998
	£000	£000
Turnover is derived by destination from the following geographical regions:		
United Kingdom	419,803	227,794
Rest of Europe	49,534	41,470
Asia	2,344	13,456
The Americas	8,925	9,226
Rest of the world	10,420	14,091
	<hr/>	<hr/>
	491,026	306,037
Intragroup turnover	8,750	10,881
	<hr/>	<hr/>
	499,776	316,918
	<hr/>	<hr/>

Turnover is derived by class of business as follows:

	1999	1998
	£000	£000
Outsourcing	301,933	156,708
Systems Integration	110,765	69,110
Products	78,328	80,219
	<hr/>	<hr/>
	491,026	306,037
Intragroup turnover	8,750	10,881
	<hr/>	<hr/>
	499,766	316,918
	<hr/>	<hr/>

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Net Interest Receivable (Payable)

	1999 £000	1998 £000
Interest payable and similar charges in respect of:		
Bank loans and overdrafts wholly repayable within 5 years	(391)	(2,687)
Group undertakings	-	(1,674)
Other	-	(3)
	<u>(391)</u>	<u>(4,364)</u>
Finance lease charges	<u>(554)</u>	<u>(394)</u>
	(945)	(4,758)
Interest receivable		
- Intragroup	1,301	4,031
- Other	698	242
	<u>1,054</u>	<u>(485)</u>

4 Profit Before Taxation

	1999 £000	1998 £000
Profit before taxation is stated after charging (crediting) the following:		
Staff costs (note 5)	212,809	129,585
Research and development	17,970	18,999
Depreciation of tangible fixed assets and amortisation of intangibles (note 8)	14,291	9,145
Auditors' remuneration – audit services	200	240
Operating leases:		
- land and buildings	9,824	8,140
- plant and machinery	8,992	3,763
Profits on disposals of investments (Note 9)	<u>-</u>	<u>(41,637)</u>

Fees paid to the auditors, in respect of services other than audit services to the company and its fellow group undertakings, amount to £81,000 (1998:£98,000).

Exceptional restructuring costs

Exceptional restructuring costs of £2,800,000, as shown in the current year Profit and Loss statement, relate to the fundamental restructuring of the company's outsourcing activities, as part of an ultimate parent undertaking Group restructuring, which is intended to improve the competitive position.

5 Staff Costs

In addition to the provision of information technology, consultancy services, and computer facilities management services, the company acts as the administration and management company to the operations of Semia Group plc within the United Kingdom. Costs relating to the activities of the company are as follows:

	1999 £000	1998 £000
Staff (including directors):		
Wages and salaries	186,199	111,954
Social security costs	15,681	9,306
Other pension costs	10,929	8,325
	<u>212,809</u>	<u>129,585</u>

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Staff Costs (continued)

	1999 Number	1998 Number
The average number of employees during the year was:	5,982	3,797
Directors' Remuneration	1999 £000	1998 £000
Emoluments excluding pension contributions:	298	363
	298	363

During the year, the chairman received remuneration excluding pension contributions of £51,099 (1998: £100,654). The highest paid director received remuneration in 1999 of £220,388 (1998: £234,769), excluding pension contributions.

Retirement benefits are accruing to one director (1998: one) under the defined benefit 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 1999.

Pension arrangements

The company is a 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 Group 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 Group UK Ltd shared cost section of the Railways Pension Scheme, a defined benefit pension scheme.

The financial effects of Sema Group plc's pension arrangements, including the Sema Group Pension Scheme and the Sema Group CS Pension Scheme, are disclosed in the consolidated financial statements of Sema Group plc. In these financial statements the charge in the profit and loss account for the year was £10,929,000 (1998: £8,325,000).

6 Taxation

	1999 £000	1998 £000
The charge for the year is made up as follows:		
On Ordinary Activities		
United Kingdom group relief at 30.25% (1998:31%):		
Current	7,177	2,137
Over provision in prior years	(1,877)	(553)
Deferred (note 13)	-	(180)
	5,300	1,404
On disposal of investments	-	8,750
	5,300	10,154

The release of amounts over provided in prior years follows the settlement of various outstanding taxation issues.

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Dividends

	1999 £000	1998 £000
Interim - paid	-	9,032
Final - paid/proposed	23,000	5,968
	<u>23,000</u>	<u>15,000</u>

8 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 1999	3,836	-	63,828	13,882	77,710
Additions	3,956	4,020	14,731	1,071	19,822
Group transfers	-	-	(284)	6	(278)
Disposals	-	-	(1,906)	(9)	(1,915)
At 31 December 1999	<u>7,792</u>	<u>4,020</u>	<u>76,369</u>	<u>14,950</u>	<u>95,339</u>
Depreciation:					
At 1 January 1999	402	-	43,834	8,442	52,276
Charge for year	1,707	-	11,201	1,383	12,584
Group transfers	-	-	(118)	-	(118)
Disposals	-	-	(1,805)	(7)	(1,812)
At 31 December 1999	<u>2,109</u>	<u>-</u>	<u>53,112</u>	<u>9,818</u>	<u>62,930</u>
Net Book Amount:					
At 31 December 1999	<u>5,683</u>	<u>4,020</u>	<u>23,257</u>	<u>5,132</u>	<u>32,409</u>
At 31 December 1998	<u>3,434</u>	<u>-</u>	<u>19,994</u>	<u>5,440</u>	<u>25,434</u>

The net book amount of computer equipment held under finance leases was £4,984,000 (1998: £5,846,000). The depreciation charge for the year includes amounts in respect of computer equipment held under finance leases of £2,068,000 (1998: £1,508,000)

The net book amount of office furniture, motor vehicles and equipment held under finance leases was £371,000 (1998: £426,000). The depreciation charge for the year includes amounts in respect of these assets of £55,000 (1998: £92,000).

At 31 December 1999, the company has contracted for capital expenditure for which no provision has been made in the financial statements of £1,004,950 (1998: £1,647,422).

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Investments

	Investments £000	Group Undertakings £000	Total £000
At 1 January 1999	-	84,780	84,780
Additions	4,137	38	4,175
Transfers	-	(25,140)	(25,140)
At 31 December 1999	<u>4,137</u>	<u>59,678</u>	<u>63,815</u>

Investments

The current years' investment of £4.1million relates to the company's 10% investment in Prepayment Cards Limited, a UK company which intends to develop a multi-application smart card public transport ticketing system. The company holds a call option to purchase a further 10% of the share capital of Prepayment Cards Limited for a contribution of £4 million up to 8 September 2000 or, if exercised after that date, for a contribution of £4.5 million up to 8 September 2001.

Group Undertakings

The transfers in Group undertakings relates to the transfer of three Group undertakings, being SGFM Participation Limited, Mouncey and Partners, and Bridge Street Holdings Limited, which were transferred to SG International Limited at the carrying value as recorded in the books of the Sema Group UK Limited.

The addition to Group undertakings during the year was the additional costs incurred on additions which took place in 1998.

The principal actively trading group undertakings at 31 December 1999, all 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>Direct subsidiary undertakings</i>		
Sema Group Recovery Services Limited	100%	England
Sema Group Barbados Limited	100%	England and Barbados
Meridian Information Systems Limited (Dormant from 1 January 1999)	100%	England
Barabas Limited (Dormant from 1 January 1999)	100%	England
<i>Subsidiary undertakings owned by Barabas Limited</i>		
BR Business Systems Limited (Dormant from 1 January 1999)	100%	England

In 1998, the company disposed of its 50% interest in BaeSema Limited and its 51% interest in Paradigm Systems Technology (Proprietary) Limited. The exceptional profit on disposal was £41,637,000.

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Debtors

	1999 £000	1998 £000
Trade debtors	64,497	66,390
Amounts recoverable on contracts	11,489	7,148
Amounts owed by group undertakings	96,435	78,940
Other debtors	8,364	3,759
Prepayments and accrued income	38,949	21,763
	<u>219,734</u>	<u>178,000</u>

Amounts falling due after more than one year and included above as amounts owed by group undertakings total £67,786,000 (1998: £69,002,000)

11 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	50,367	43,023
Payments on account	51	116
Amounts owed to group undertakings	21,676	45,869
Corporation tax	4,642	11,671
Other taxation and social security	10,698	12,747
Hire purchase and finance lease commitments	1,910	1,744
Dividends payable	23,000	5,968
Other creditors	4,884	14,089
Accruals	21,094	22,766
	<u>138,322</u>	<u>157,993</u>

12 Creditors: amounts falling due after more than one year

	1999 £000	1998 £000
Amounts owed to parent undertaking	147,553	117,147
Amounts owed to group undertakings	2,629	2,629
Other	-	67
Hire purchase and finance lease commitments falling due:		
- Between 1 and 2 years	1,910	1,663
- Between 2 and 5 years	1,698	2,890
- After 5 years	-	20
	<u>153,790</u>	<u>124,416</u>

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

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Provisions for Liabilities and Charges

	1999 £000	1998 £000
At 1 January	611	180
Provisions on contracts (utilised) / charged during the year	(611)	611
Deferred tax (utilised) / charged during the year	-	(180)
Provision for property dilapidations	1,893	-
	<u>1,893</u>	<u>611</u>
At 31 December	<u>1,893</u>	<u>611</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 and are expected to be incurred between 2000 and 2004.

14 Share Capital

	1999 £000	1998 £000
<i>Authorised:</i>		
15,000,000 ordinary shares of £1 each (1998:15,000,000)	<u>15,000</u>	<u>15,000</u>
<i>Allotted, called-up and fully-paid:</i>		
12,750,000 ordinary shares of £1 each (1998:12,750,000)	<u>12,750</u>	<u>12,750</u>

15 Reconciliation of Movement in Shareholders' Funds

	Share Capital £000	Profit & Loss Account £000	Total Shareholders' Funds 1999 £000	1998 £000
Profit for the year	-	11,762	11,762	46,727
Dividends paid or proposed	-	(23,000)	(23,000)	(15,000)
Other gains and losses:				
foreign exchange (losses) gains (see below)	-	(5,193)	(5,193)	2,467
tax effect of foreign exchange gains	-	1,570	1,570	(765)
	<u>-</u>	<u>(14,861)</u>	<u>(14,861)</u>	<u>33,429</u>
Net (reduction) increase in shareholders funds	-	(14,861)	(14,861)	33,429
At 1 January	<u>12,750</u>	<u>35,063</u>	<u>47,813</u>	<u>14,384</u>
At 31 December	<u>12,750</u>	<u>20,202</u>	<u>32,952</u>	<u>47,813</u>

Foreign exchange gains (losses) relate to exchange gains (losses) on long term loans to an overseas fellow group company to finance foreign equity investments.

SEMA GROUP UK LIMITED
YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Guarantees and Other Financial Commitments

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

	1999	1998
	£000	£000
In respect of land and buildings:		
Commitments expiring:		
- within one year	368	1,241
- between one and five years	2,294	2,866
- after five years	5,744	3,283
	<u>8,406</u>	<u>7,390</u>
In respect of plant and machinery		
Commitments expiring:		
- within one year	1,078	60
- between one and five years	6,703	7,729
	<u>7,781</u>	<u>7,789</u>

17 Ultimate Parent Undertaking

The ultimate parent undertaking is Sema Group plc which is registered in England and which prepares the sole financial statements of the group of which the company is a member. Copies of the Sema Group plc financial statements may be obtained from the company secretary, 233 High Holborn, London WC1V 7DJ, England.

18 Related Party Transactions

The company is a wholly owned subsidiary of Sema Group plc, whose financial statements are available from the above address, (see note 17). Accordingly the company has taken advantage of the exemptions, set out in Financial Reporting Standard 8, from the requirement to disclose related party transactions with other group members of Sema Group plc.