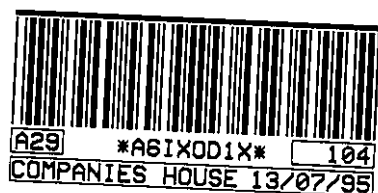


SEMA GROUP UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994

REGISTERED NUMBER 1245534



SEMA GROUP UK LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 1994

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1994.

Review of the Business, Principal Activities and Future Developments

The principal activity of the company during the period has been the provision of management services to the United Kingdom based group undertakings of Sema Group plc. These companies are engaged in the provision of information technology services.

Pursuant to agreements approved by the board on 31 December 1994, Sema Group Systems Limited and Sema Group Consulting Limited transferred at book value their assets and businesses as going concerns subject to their liabilities into the company. The results of these companies for the year ended 31 December 1994 have not been consolidated in these financial statements. The principal activities of the company will now be the provision of information technology services and consultancy as well as the continued provision of management services to the other United Kingdom group undertakings of Sema Group plc.

Results and Dividends

The results of the company are shown on page 5. The directors do not recommend the payment of a dividend (1993:£Nil). Transfers to reserves are disclosed in note 14 to the financial statements.

During the year ended 31 December 1993 the company disposed of 49% of its shareholding in Sema Group Facilities Management plc to its associate undertaking SGFM (Participation) Limited. This realised a profit of £7,465,000 in that period.

Directors

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

PSE Bonelli	Chairman
AM Dorrian	
FS Jones	
W Bitan	(appointed 31 December 1994)
WH Fryer	(resigned 7 June 1994)
K Gathergood	(resigned 1 January 1994)
YNT Maini	(appointed 7 June 1994, resigned 31 December 1994)

During the year the company maintained directors' and officers' liability insurance in respect of all its directors and certain officers as permitted by the Companies Act 1985.

Directors' Interests

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

The beneficial and immediate family interests of PSE Bonelli in the shares of Sema Group plc and its subsidiary undertakings are disclosed in the financial statements of that company.

SEMA GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED) YEAR ENDED 31 DECEMBER 1994

Directors' Interests (Continued)

The beneficial and immediate family interests of the other directors in the shares of Sema Group plc and its subsidiary undertakings are as follows:

	Ordinary Shares of 10p each	
	31 December 1994	31 December 1993
AM Dorian	261	261
FS Jones	934	31

Contingent rights to the allotment of shares

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

Executive share option scheme (31 December 1994 and 1 January 1994 except as noted below)

	Exercisable between 10/10/91 & 9/10/98 at £3.01 per share	Exercisable between 18/7/92 & 17/7/99 at £3.22 per share	Exercisable between 11/11/94 & 10/11/01 at £2.47 per share	Exercisable between 28/4/97 & 27/4/04 at £4.09 per share	Exercisable between 27/4/97 & 26/4/04 at £4.08 per share	Exercisable between 11/11/94 & 10/11/01 at £2.23 per share
AM Dorian	6,000	24,000	-	30,000	-	-
FS Jones	-	4,000	20,000	50,000	-	-
W Bitan	-	-	-	-	35,000	40,000

AM Dorian exercised his option over 1,505 Sema Group plc ordinary shares of 10p each on 9 December 1994 and these shares were subsequently sold.

FS Jones exercised his option over 903 ordinary shares on 14 January 1994.

Fixed Assets

Movements in tangible fixed assets during the year are summarised in note 7 to the financial statements.

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.

SEMA GROUP UK LIMITED
DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 1994

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.

Pension Schemes

Employees of the company are offered a choice of membership of either the Sema Group Pension Scheme, which is a final salary scheme, or the Sema Group Personal Pension Plan which is a money purchase scheme. Both schemes are contracted out of the State Earnings related Pension Scheme.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Price Waterhouse as auditors of the company will be put to the annual general meeting.

By order of the Board



GKH Mason
Company Secretary

31 May 1995

Registered Office

Regal House
14 St James Street
London
WC2E 8BT

SEMA GROUP UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Turnover			
Continuing operations	2	1,057	1,326
Operating costs		<u>(3,042)</u>	<u>(1,901)</u>
Operating (loss)			
Continuing operations		(1,985)	(575)
Income from shares in group undertakings		4,485	-
Exceptional item	3	<u>-</u>	<u>7,465</u>
Profit on ordinary activities before interest and taxation	3	2,500	6,890
Net interest receivable/(payable)	5	<u>35</u>	<u>(466)</u>
Profit on ordinary activities before taxation		2,535	6,424
Tax on profit on ordinary activities	6	575	333
Profit on ordinary activities after taxation and amounts transferred to reserves	14	<u>3,110</u>	<u>6,757</u>
		=====	=====

A statement of total recognised gains or losses has not been prepared as the only recognised gain or loss in 1994 and 1993 was the profit for the period.

The notes on pages 7 to 16 form part of these financial statements.

SEMA GROUP UK LIMITED
BALANCE SHEET
YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Fixed assets			
Tangible Assets	7	6,211	6,802
Investments	8	4,719	7,732
		<u>10,930</u>	<u>14,534</u>
Current assets			
Debtors:			
Due within one year	9	24,146	6,615
Due after one year	9	14,449	27,738
Cash at bank and in hand		466	466
		<u>39,061</u>	<u>34,819</u>
Creditors: amounts falling due within one year	10	(22,855)	(20,298)
		<u>16,206</u>	<u>14,521</u>
Net current assets			
Total assets less current liabilities			
		<u>27,136</u>	<u>29,055</u>
Creditors: amounts falling due after more than one year	11	(17,250)	(22,279)
Provisions for liabilities and charges	12	-	-
		<u>9,886</u>	<u>6,776</u>
Capital and reserves			
Called up share capital	13,14	5	5
Profit and loss account	14	9,881	6,771
		<u>9,886</u>	<u>6,776</u>
Shareholders' funds			
	14	<u>9,886</u>	<u>6,776</u>

The notes on pages 7 to 16 form part of these financial statements.

Approved by the directors on 31 May 1995


 FS Jones
 Director

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1994

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 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. Turnover in the current year wholly comprised charges to other group undertakings.

(c) Depreciation

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

Computer equipment:	33.3%
Office furniture, cars and equipment:	between 15% and 33.3%

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Cash Flow Statement

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

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1994

1 Accounting Policies (continued)

(i) *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.

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 1994

2 Turnover	1994	1993
	£000	£000
Turnover is derived from the following geographical regions:		
United Kingdom	1,023	1,267
Rest of Europe	34	53
Asia	-	6
	<u>1,057</u>	<u>1,326</u>
	=====	=====

In the opinion of the directors, the company has operated in one class of business, namely the provision of management services to the United Kingdom based group undertakings of Sema Group plc.

3 Profit on ordinary activities before taxation	1994	1993
	£000	£000
Profit on ordinary activities before taxation is stated after charging the following:		
Staff costs (note 4)	2,565	1,586
Depreciation of tangible fixed assets (note 7)	2,738	3,596
Hire of plant and machinery	-	100
Auditors' remuneration - audit services	10	9
Rent of land and buildings	2,248	1,842
Recharges to other group companies (excluding staff costs)	(7,359)	(8,050)
Dividends receivable	(4,485)	-

Exceptional item:

Profit on disposal of shares in group undertakings (note 8)	-	7,465
	=====	=====

Fees paid to the auditors, in respect of services other than audit services to the company and its fellow group undertakings, amount to £131,000 (1990:£220,000)

4 Staff costs

The company acts as the administration and management company to the operations of Sema Group plc within the United Kingdom. Staff employed by the company are, when appropriate, seconded to individual group or associated undertakings at a rate equal to full salary cost plus social security and other pension costs. Costs relating to the activities of the company are as follows:

	1994	1993
	£000	£000
Staff (including directors)		
Wages and salaries	27,591	30,515
Social security costs	2,312	2,577
Other pension costs	1,673	980
	<u>31,576</u>	<u>34,072</u>
Less:		
Recharged to group undertakings	(27,340)	(31,023)
Recharged to associated undertakings	(1,671)	(1,463)
	<u>2,565</u>	<u>1,586</u>
	=====	=====

SEMA GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1994**

4 Staff costs (continued)

	1994 number	1993 number
The average number of employees during the year, after recharging to group and associated undertakings, was:	80	88
	=====	=====

Directors' Remuneration

	1994 £000	1993 £000
Emoluments including pension contributions	102	-
	-----	-----
	102	-
	=====	=====

The chairman received remuneration in the year of £Nil (1993:£Nil). The highest paid director received remuneration in the year excluding pension contributions of £85,459 (1993:£NIL).

The directors received remuneration, excluding pension contributions in the following bands:

	1994	1993
Up to £5,000	6	5
£85,001 - 90,000	1	-
	-----	-----
	7	5
	=====	=====

Directors' interest in contracts

No director had any material interest in any contract of significance to the business of the company during or at the end of the year to 31 December 1994.

Pension arrangements

The company is a member of Sema Group Pension Fund, a defined benefit pension scheme which provides pensions and other related benefits for those employees of Sema Group plc's UK subsidiaries who elect to become members.

The financial effects of Sema Group plc's pension arrangements, including the Sema Group Pension Fund, are disclosed in the consolidated financial statements of Sema Group plc. In these accounts, the charge in the profit and loss account for the year before recharges to group companies was £1,673,000 (1993:£980,000).

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1994

5 Net interest receivable/(payable)

	1994	1993
	£000	£000
Interest payable and similar charges in respect of:		
Bank loans and overdrafts wholly repayable within 5 years	(2)	(249)
Group undertakings	(356)	(287)
Other	-	(5)
	<hr/>	<hr/>
	(358)	(541)
Finance lease charges (on leases repayable within 5 years by instalments)	(330)	(880)
	<hr/>	<hr/>
	(688)	(1,421)
Interest receivable - Intragroup	248	721
Other	475	234
	<hr/>	<hr/>
	35	(466)
	=====	=====

6 Tax on profit on ordinary activities

	1994	1993
	£000	£000
The credit for the year is made up as follows:		
United Kingdom group relief at 33%:(1993:33%):		
Current	575	325
Deferred (note 12)	-	8
	<hr/>	<hr/>
	575	333
	=====	=====

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1994

7 Tangible assets

	Computer equipment £000	Office furniture, cars and equipment £000	Total £000
Cost:			
At 1 January 1994	505	12,981	13,486
Additions	67	1,144	1,211
Group transfers	2,874	2,254	5,128
Disposals	-	(2,487)	(2,487)
	<hr/>	<hr/>	<hr/>
At 31 December 1994	3,446	13,892	17,338
	=====	=====	=====
Depreciation:			
At 1 January 1994	388	6,296	6,684
Charge for year	77	2,661	2,738
Group transfers	1,735	1,957	3,692
Disposals	-	(1,987)	(1,987)
	<hr/>	<hr/>	<hr/>
At 31 December 1994	2,200	8,927	11,127
	=====	=====	=====
Net Book Amount:			
At 31 December 1994	1,246	4,965	6,211
	=====	=====	=====
At 31 December 1993	117	6,685	6,802
	=====	=====	=====

The net book amount of office furniture, cars and equipment held under finance leases was £4,610,000 (1993:£6,534,000). The depreciation charge for the year includes amounts in respect of office furniture, cars and equipment held under finance leases of £2,566,000 (1993:£3,387,000).

At 31 December 1994, the company has contracted for capital expenditure for which no provision has been made in the financial statements of £Nil (1993:£2,000). Capital expenditure authorised but not contracted for amounted to £Nil (1993:£2,000).

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 1994

8 Investments

	Group Undertakings £000	Associated Undertakings £000	Total £000
At 1 January 1994	7,727	5	7,732
Additions	46	-	46
Disposals	(3,059)	-	(3,059)
	<hr/>	<hr/>	<hr/>
At 31 December 1994	4,714	5	4,719
	=====	=====	=====

The disposal of investments relates primarily to the transfer of the cost of the company's interest in BAeSema Limited to its ultimate holding company, Sema Group plc.

Group undertakings

The principal group undertakings at 31 December 1994, 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 and operation
<i>Direct group undertakings</i>		
CAP Microsoft Limited (formerly Semdorm No.1 Limited)	100%	England
Panther Systems Limited	100%	England
Sema Group Consulting Ltd	92%	England
Sema Group Outsourcing plc (formerly Sema Group Facilities Manangement plc)	75.5%*	England
Sema Group Systems Limited	100%	England

*24.5% is held indirectly through the company's holding in SGFM (Participation) Limited.

Indirect group undertakings owned by BAeSema Limited

Yard Ltd	50%	England
BAeSema Combat Systems Limited	50%	England

Associated undertakings

The principal associated undertaking at 31 December 1994 which was also engaged in the provision of information technology services, was as follows (holding was in ordinary shares):

Aerosystems International Limited	50%	England
SGFM (Participation) Limited	50%	England

Profit on disposal of group undertakings

During the year ended 31 December 1993 the company had disposed of 49% of its shareholding in Sema Group Outsourcing plc to its associate undertaking SGFM (Participation) Limited. This realised a profit of £7,465,000 as shown in note 3 above.

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1994

9 Debtors

	1994	1993
	£000	£000
Trade debtors	12,446	159
Amounts recoverable on contracts	4,694	627
Amounts owed by group undertakings	17,839	29,065
Amounts owed by associated undertakings	348	366
Corporation tax	-	2,176
Advance corporation tax	701	701
Other debtors	1,669	755
Prepayments and accrued income	898	504
	<hr/>	<hr/>
	38,595	34,353
	=====	=====

Amounts falling due after more than one year and included above as amounts owed by group undertakings total £14,449,000 (1993:£27,738,000)

10 Creditors: amounts falling due within one year

	1994	1993
	£000	£000
Bank overdrafts	265	10,614
Trade creditors	848	264
Payments on account	5,819	-
Amounts owed to group undertakings	1,646	10
Corporation tax	875	-
Other taxation and social security	1,120	835
Hire purchase and finance lease commitments	2,227	2,543
Other creditors	2,864	2,905
Accruals	7,191	3,127
	<hr/>	<hr/>
	22,855	20,298
	=====	=====

11 Creditors: amounts falling due after more than one year

	1994	1993
	£000	£000
Amounts owed to parent undertaking	13,718	17,439
Amounts owed to group undertakings	1,149	849
Hire purchase and finance lease commitments falling due:		
Between 1 and 2 years	1,477	425
Between 2 and 5 years	906	3,566
	<hr/>	<hr/>
	17,250	22,279
	=====	=====

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 1994

12 Provisions for liabilities and charges

	1994	1993
	£000	£000
Deferred taxation:		
Amount provided and total potential liability		
in respect of accelerated capital allowances	-	-
	=====	=====

13 Share capital

	1994	1993
	£000	£000
Authorised, allotted and fully paid:		
4,500 ordinary shares of £1 each	5	5
	=====	=====

14 Reconciliation of movement in shareholders' funds

	Share Capital	Profit & Loss Account	Total Shareholders' Funds	
	£000	£000	1994 £000	1993 £000
At 1 January 1994	5	6,771	6,776	19
Profit for the year	-	3,110	3,110	6,757
At 31 December 1994	5	9,881	9,886	6,776
	=====	=====	=====	=====

15 Guarantees and other financial commitments

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

	1994	1993
	£000	£000
In respect of land and buildings:		
Commitments expiring - between 1 and 5 years	261	-
Commitments expiring - after 5 years	2,920	2,074
	=====	=====
	3,181	2,074
	=====	=====

- b) The company, together with its parent undertaking and certain other United Kingdom group undertakings, has given certain cross-guarantees and floating charges to the group's bankers for overdraft and loan facilities. The related indebtedness of the group at 31 December 1994 was £Nil (1993:£Nil). The directors do not anticipate that any liability will arise.

SEMA GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 1994

16 Assets & Liabilities

Pursuant to agreements approved by the board on 31 December 1994, Sema Group Systems Limited and Sema Group Consulting Limited transferred at book value their assets and businesses as going concerns subject to their liabilities into the company. The assets and liabilities transferred were as follows:-

	Sema Group Systems Limited £000	Sema Group Consulting Limited £000
Fixed Assets	1,380	56
Trade Debtors	10,964	1,434
Amounts recoverable on contracts	4,432	262
Amounts owed by group companies	2,409	(2)
Other Debtors	561	71
Prepayments	221	29
Cash at bank and in hand	15,421	982
Trade Creditors	(727)	(27)
Payments on account	(5,622)	(197)
Amounts due to group companies within one year	(432)	(130)
Corporation tax	(1,697)	(553)
Other tax and social security	(205)	(102)
Other	(397)	(136)
Accruals	(3,490)	(249)
Amounts due to group companies after one year	(7,763)	-
	<hr/>	<hr/>
	15,055	1,438
	=====	=====

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, Regal House, 14 James Street, London WC2E 8BT.

SEMA GROUP UK LIMITED

YEAR ENDED 31 DECEMBER 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES 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 16 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 and which enable them to ensure that the financial statements comply with the 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 accounts on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business. On the basis of their review of the Group's strong order book, its present and forecast liquidity as well as its 1995 budgeted profit and cash flow and other factors, the directors have no reason to doubt that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the accounts.

AUDITORS' REPORT TO THE SHAREHOLDERS OF SEMA GROUP UK LIMITED

We have audited the financial statements on pages 5 to 16 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.

As described on page 17 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

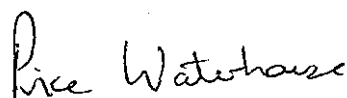
Basis of opinion

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 as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

Thames Court
1 Victoria Street
Windsor
Berkshire
SL4 1HB

31 May 1995