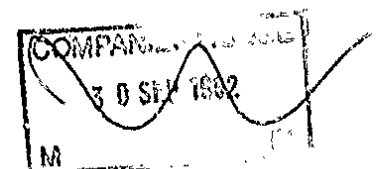
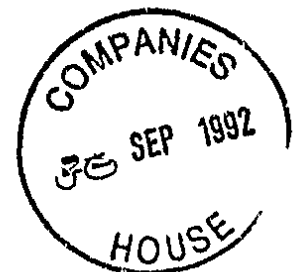


TOPEXPRESS LIMITED

DIRECTORS' REPORT AND  
ACCOUNTS FOR THE PERIOD  
ENDED 31 JANUARY 1992

1396396



Registered Number 1396396

## REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the ten months to 31 January 1992.

## PRINCIPAL ACTIVITY

The principal activity of the Company is scientific and computer consultancy.

## REVIEW OF THE BUSINESS

The Company showed a major reduction in turnover for the current period. This was due to the sale of the computing activity in June 1991 to Perihelion Software Ltd following the non-renewal of a major contract and to the Company operating during the long drawn out negotiations for the sale of the Company. On 31 December 1991, the Company was sold to SAIC UK Ltd, a subsidiary of Science Applications International Corporation.

By the end of the financial period there were the beginnings of a turnaround in trading and the Company is now trading more profitably and with an increasing order book.

## RESULTS AND DIVIDENDS

The results of the Company for the year are set out on Page 5.

The directors do not recommend the payment of a dividend for the period.

## SHARE CAPITAL

On 23rd December 1991, 706650 new £1 ordinary shares were issued and allotted to VSEL Consortium PLC at par value.

The entire issued share capital of the company was acquired by SAIC UK Ltd on 31st December 1991.

## DIRECTORS

The directors who served during the period were

	Appointed	Resigned
Mr A M Cowan	31 December 1991	
Mr R B Wade	31 December 1991	
Mr D Hyde	31 December 1991	
Mr D Scott	31 December 1991	
Mr N N Broadhurst	19 December 1991	31 December 1991
Mr T D Howard	19 December 1991	31 December 1991
Mr A C Peak		31 December 1991
Mr C N Davies		31 December 1991
Mr P Corbishley		6 December 1991
Dr J F Scott		31 October 1991

On 31 December 1991, Mr M Day resigned as Joint Company Secretary.

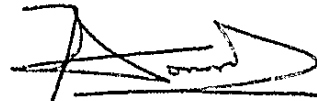
## AUDITORS

KPMG Peat Marwick McLintock resigned as auditors on 23 December 1991. Upon the acquisition of the Company on 31 December 1991 Imray & Co were appointed auditors and a resolution to reappoint them as auditors will be proposed at the Annual General Meeting.

Poseidon House  
Castle Park  
Cambridge  
CB3 0RD

29 July 1992

By order of the Board

A handwritten signature in black ink, appearing to be 'T D Howard', written over a horizontal line.

T D Howard  
Secretary

REPORT OF THE AUDITORS TO THE  
MEMBERS OF TOPEXPRESS LIMITED

We have audited the financial statements on pages 5 to 21 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 January 1992 and of its loss and source and application of funds for the ten months then ended and have been properly prepared in accordance with the Companies Act 1985.

Imray & Co

Imray & Co  
Chartered Accountants and  
Registered Auditor

38 Station Road  
CAMBRIDGE  
CB1 2JH

31 July 1992

PROFIT AND LOSS ACCOUNT  
FOR THE 10 MONTHS ENDED 31 JANUARY 1992

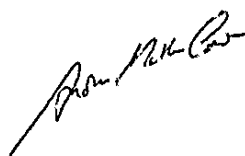
	Notes	10 Months 1991/92 £	12 Months 1990/91 £
Turnover	2	<u>696091</u>	<u>1823970</u>
Trading (loss)/profit	2 & 3	(235428)	49400
Exceptional item	2 & 3	11611	(87520)
Interest payable - net	5	<u>(191101)</u>	<u>(345418)</u>
Loss on ordinary activities before tax		(414918)	(383538)
Tax (charge) on loss on ordinary activities	6	<u>(4973)</u>	<u>(11676)</u>
Loss on ordinary activities after tax		(419891)	(395214)
Extraordinary items	7	<u>1426526</u>	<u>(46665)</u>
Retained profit for the financial period		1006635	(441879)
Retained loss brought forward		<u>(1123775)</u>	<u>(681896)</u>
Retained loss carried forward		<u>(117140)</u>	<u>(1123775)</u>

The notes on pages 9 to 21 form part of these accounts.

BALANCE SHEET  
AT 31 JANUARY 1992

	Notes	31 January 1992 £	31 March 1991 £
Fixed assets			
Tangible assets	8	533591	569956
Investments in Subsidiary Companies	9	-	104
Other investments	9	<u>-</u>	<u>-</u>
		533591	570060
Current assets			
Debtors	10	451514	1012218
Cash at bank		<u>34265</u>	<u>8865</u>
		485779	1021083
Creditors : amounts falling due within one year	11	<u>(318043)</u>	<u>(2606883)</u>
Net current assets/liabilities		<u>167736</u>	<u>(1585800)</u>
Total assets less current assets/liabilities		701327	(1015740)
Creditors: amounts falling due after more than one year	12	-	(1191)
Provision for liabilities and charges	13	<u>(87266)</u>	<u>(82293)</u>
		614061	(1099224)
Capital and reserves			
Called up share capital	14	706725	75
Share premium account	15	24451	24451
Other reserves	15	25	25
Profit and loss account	15	<u>(117140)</u>	<u>(1123775)</u>
		614061	(1099224)

The accounts were approved by the Board of Directors on 29 July 1992 and signed on its behalf by:



A M Cowan  
DIRECTOR

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
10 MONTHS ENDED 31 JANUARY 1992

	10 Months 1991/92 £	12 Months 1990/91 £
Source of funds:		
Loss on ordinary activities before tax and Extraordinary item	(414918)	(383538)
Extraordinary item	<u>1426526</u>	<u>(46665)</u>
	1011608	(430203)
Adjustments for items not involving the movement of funds:		
Depreciation	81682	174400
Exceptional Fixed Asset (Writeback)/Writeoff	(25000)	87520
Profit on disposal of fixed assets	(159)	(512)
Investment (write back)/write off	<u>(1500)</u>	<u>1000</u>
Funds provided by/(absorbed by) operations	1066631	(167795)
Funds from other sources:		
Allotment of shares	706650	-
Sale of investments	1604	-
Proceeds from sale of tangible fixed assets	<u>1901</u>	<u>2690</u>
	1776786	(165105)
Application of funds:		
Expenditure on fixed assets	22059	42038
Purchase of investment	-	1000
Finance lease obligations	13732	23319
Tax paid	<u>-</u>	<u>4310</u>
	35791	70667
Increase/(Decrease) in working capital	<u>1740995</u>	<u>(235772)</u>



STATEMENT OF SOURCE AND APPLICATION OF FUNDS (Continued)  
10 MONTHS ENDED 31 JANUARY 1992

	10 Months 1991/92 £	12 Months 1990/91 £
Movements in working capital:		
Work in progress	-	(7702)
Debtors	(210396)	(40980)
Amounts owed by group companies	(350308)	100554
Trade Creditors	9423	(39993)
Amounts owed to group companies	669799	(327003)
Other creditors (excluding direct taxes)	334231	(290453)
Accruals and deferred income	<u>121756</u> 574505	<u>(118730)</u> (724307)
Movements in net liquid funds:		
Cash and bank balances	<u>1166490</u>	<u>488535</u>
Increase/(Decrease) in working capital	<u>1740995</u>	<u>(235772)</u>

NOTES TO THE ACCOUNTS  
FOR THE 10 MONTHS ENDED 31 JANUARY 1992

1. ACCOUNTING POLICIES

Turnover

Turnover represents the sales value of work done during the period exclusive of value added tax.

Fixed Assets and Depreciation

Fixed assets are shown at cost net of grants received and receivable on the purchase of those assets.

Depreciation is provided at the rates set out below calculated to write off the cost of fixed assets, net of grants, over their estimated useful lives using the straight line method.

	<u>Rates</u>
Leasehold land and short leasehold buildings	Over unexpired portion of lease
Telephone and telex machinery	25%
Office furniture and fittings	15%
Motor vehicles	25%
Computer and laboratory equipment	25%

Leased Assets

Tangible fixed assets which are held under finance leases are capitalised and depreciated over their estimated useful lives in accordance with the depreciation policy set out above. Future obligations under such leases, net of finance charges, are included, as appropriate, under creditors due within or after one year. Instalments payable are apportioned between the finance element, which is charged as a finance cost in the profit and loss account, and the capital repayment, which reduces the outstanding obligation for future instalments shown in creditors.

Items of equipment financed through operating leases are not capitalised and their rental charges are taken to profit and loss as they accrue. Future obligations under operating leases are disclosed in note 17.

Research and Development

Research and development costs are written off against profit in the year in which they are incurred.

### Deferred Taxation

Provision is made for tax liabilities arising from the allocation of items to different periods for tax and for accounting purposes except where these are expected to be deferred for some considerable period due to the availability of tax allowances for fixed asset expenditure in advance of depreciation. In establishing the likelihood of continuing deferment, the directors undertake a review at the balance sheet date of past investment patterns and expected future levels of capital expenditure and depreciation.

### Pension Scheme Arrangements

The Company's pension scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with Provident Mutual Managed Pension Funds Ltd. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pension over employees' working lives with the Company.

### Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated at the current rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of transaction. However, where settlement has been covered by a forward exchange contract, the contract rate is used. Exchange differences are dealt with in the profit and loss account.

## NOTES TO THE ACCOUNTS (continued)

2. Turnover and Loss

The turnover and loss before tax is attributable to the following activities:

	10 Months 1991/92		12 Months 1990/91	
	Turnover	Trading (loss)	Turnover	Trading profit/(loss)
	£	£	£	£
Fleet support	513500	(84661)	770430	108198
Other Scientific and Computer Consultancy	<u>182591</u> <u>696091</u>	(150767)	<u>1053540</u> <u>1823970</u>	(58798)
Trading (loss)/profit		<u>(235428)</u>		<u>49400</u>
Exceptional item		11611		(87520)
Interest		<u>(191101)</u>		<u>(345418)</u>
Loss before tax		<u>(414918)</u>		<u>(383538)</u>

Analysis of turnover by market:

	10 Months 1991/92	12 Months 1990/91
	£	£
United Kingdom	581095	1573812
Rest of EEC	17260	59182
America	<u>97736</u>	<u>190976</u>
	<u>696091</u>	<u>1823970</u>

## NOTES TO THE ACCOUNTS (continued)

3. Loss on ordinary activities before tax

		10 Months 1991/92		12 Months 1990/91
	£	£	£	£
Turnover - sales value of work done		696091		1823970
Other operating income	<u>354273</u>	<u>354273</u> 1050364	<u>394886</u>	<u>394886</u> 2218856
Raw material and consumables	11804		43615	
Other external charges	24145		28975	
Staff costs (note 4)	530000		1040796	
Depreciation	81682		161285	
Other operating charges	<u>638161</u>	<u>1285792</u>	<u>894785</u>	<u>2169456</u>
Trading (loss)/profit		(235428)		49400
Exceptional items		<u>11611</u>		<u>(87520)</u>
Loss before interest		(223817)		(38120)
Interest		<u>(191101)</u>		<u>(345418)</u>
Loss on ordinary activities before tax		<u>(414918)</u>		<u>(383538)</u>

The trading loss/profit is stated after charging:

	10 Months 1991/92	12 Months 1990/91
	£	£
Research and development expenditure	36305	82989
Hire and rental of plant and machinery	8175	12092
Audit fee	3400	-

\* In 1990/91 the audit fee was borne by the holding company.

## NOTES TO THE ACCOUNTS (continued)

4. Remuneration of employees and directors

	10 Months 1991/92 £	12 Months 1990/91 £
Staff costs:		
Wages and salaries	461999	875698
Social security costs	41856	75150
Other pension costs	<u>26145</u>	<u>89948</u>
	<u>530000</u>	<u>1040796</u>

The average weekly number of employees, including directors, during the period was made up as follows:

	10 Months 1991/92	12 Months 1990/91
Direct	15	24
Indirect	9	<u>10</u>
	<u>24</u>	<u>34</u>

## Directors' remuneration:

	10 Months 1991/92 £	12 Months 1990/91 £
Remuneration as executives (including pension contributions)	63476	100419
Compensation for loss of office	<u>28000</u>	-
	<u>91476</u>	<u>100419</u>

## NOTES TO THE ACCOUNTS (continued)

4. Remuneration of employees and directors (continued)

Further particulars of directors' remuneration, excluding pension contributions, are :

	10 Months 1991/92 £	12 Months 1990/91 £
Chairman	-	-
Highest paid Director	36879	52035

Directors' remuneration fell within the following ranges:

	Number of persons	
	10 Months 1991/92	12 Months 1990/91
£0 - £5000	8	2
£25001 - £30000	1	-
£35001 - £40000	1	-
£40001 - £45000	-	1
£50001 - £55000	-	1
	<u>10</u>	<u>4</u>

5. Interest receivable/(payable)

	10 Months 1991/92 £	12 Months 1990/91 £
Received and receivable	-	1272
Paid and payable on:		
Bank overdraft	(187640)	(339200)
Lease financing	<u>(3461)</u>	<u>(6218)</u>
	<u>(191101)</u>	<u>(345418)</u>

## NOTES TO THE ACCOUNTS (continued)

6. Tax on loss on ordinary activities

Taxation is based on the loss for the period and comprises:

	10 Months 1991/92 £	12 Months 1990/91 £
Group relief at 10%	-	(21880)
Deferred tax at 33% (1990/91 at 35%)	<u>4973</u> 4973	<u>65582</u> 43702
Prior years		
Corporation tax payable at 35%	-	11847
Group relief	-	<u>(43873)</u>
Taxation charge	<u>4973</u>	<u>11676</u>

7. Extraordinary Items

	10 Months 1991/92 £	12 Months 1990/91 £
Redundancy and staff costs on closure of computer business	-	33550
Fixed asset writeoff re computer business	-	13115
Waiver of bank overdraft by VSEL Consortium PLC	<u>(1426526)</u> <u>(1426526)</u>	<u>-</u> <u>46665</u>



## NOTES TO THE ACCOUNTS (continued)

8. Tangible fixed assets

	Short Leasehold Buildings £	Plant and Machinery £	Total £
Cost, less grants at 31 January 1992	449475	952690	1402165
Additions	-	22059	22059
Disposals	<u>-</u>	<u>(387510)</u>	<u>(387510)</u>
Costs, less grants, at 31 January 1992	<u>449475</u>	<u>587239</u>	<u>1036714</u>
Aggregate depreciation at 1 April 1991	43803	788406	832209
Charge for period	14983	66699	81682
Revaluation		(25000)	(25000)
Disposals	<u>-</u>	<u>(385768)</u>	<u>(385768)</u>
Aggregate depreciation at 31 January 1992	<u>58786</u>	<u>444337</u>	<u>503123</u>
Net book value at 31 January 1992	<u>390689</u>	<u>142902</u>	<u>533591</u>
Net book value at 31 March 1991	<u>405672</u>	<u>164284</u>	<u>569956</u>

The net book value of plant and machinery included £11451 (31 March 1991 - £27003) of assets financed by finance leasing. The depreciation charge for the period on these assets amounted to £15552 (31 March 1991 - £24170).

## NOTES TO THE ACCOUNTS (continued)

9. Investments

	31 January 1992 £	31 March 1991 £
Shares in group undertakings at cost	<u>-</u>	<u>104</u>

The Company's subsidiaries during the year were as follows:

Names	Percentage Owned	Where Registered
Topexpress Control Limited (Dormant)	100%	England
Topexpress Research Limited (Dormant)	100%	England
Parallel Processing Limited (Dormant)	100%	England

These three companies were transferred to VSEL Consortium PLC in October 1991 at book value.

Investments in other companies:

	£
Investments at beginning of period	1500
Disposals during period	<u>1500</u>
At end of period	<u>-</u>
Amounts written off	
At beginning of period	1500
Written back during period	<u>(1500)</u>
At end of period	<u>-</u>

	31 January 1992 £	31 March 1991 £
Book value	<u>-</u>	<u>-</u>

	£	£
10. Debtors		
Trade debtors	126071	342639
Amounts owed by group undertakings:		
Parent undertaking and fellow subsidiary	-	350308
Corporation tax	10271	10271
Other debtors	-	66865
Prepayments and accrued income	<u>315172</u>	<u>242135</u>
	<u>451514</u>	<u>1012218</u>

## NOTES TO THE ACCOUNTS (continued)

## 11. Creditors: amounts falling due within one year

	31 January 1992	31 March 1991
	£	£
Bank overdraft	-	1141090
Obligations due under finance leasing	2625	15166
Trade creditors	92089	101512
Amounts owed to group undertakings:		
Parent undertaking and fellow subsidiary	62223	732022
Other creditors	16468	243581
Other taxation and social security	12929	120047
Accruals and deferred income	<u>131709</u>	<u>253465</u>
	<u>318043</u>	<u>2606883</u>

## 12. Creditors: amounts falling due after more than one year

	31 January 1992	31 March 1991
	£	£
Obligations due under finance leasing	-	<u>1191</u>

The maturity of obligations under finance leases is as follows:

	31 January 1992	31 March 1991
	£	£
Within one year	3342	19013
In the second to fifth years	<u>-</u>	<u>1518</u>
	3342	20531
less: future finance charges	<u>717</u>	<u>4174</u>
	<u>2625</u>	<u>16357</u>

## NOTES TO THE ACCOUNTS (continued)

## 13. Provisions for liabilities and charges

	At 1 April 1991 £	Increase during period £	Utilised £	At 31 January 1992 £
Deferred Taxation				
Capital allowances in excess of depreciation	86854	7149	-	94003
Tax loss carried forward	<u>(4561)</u>	<u>(2176)</u>	<u>-</u>	<u>(6737)</u>
	<u>82293</u>	<u>4973</u>	<u>-</u>	<u>87266</u>

In accordance with the accounting policy, provision has been made for the full potential liability for deferred tax at 33%.

## 14. Share capital

	31 January 1992 £	31 March 1991 £
Ordinary shares at £1 each:		
Authorised	<u>706750</u>	<u>100</u>
Allotted, called up and fully paid	<u>706725</u>	<u>75</u>

On 23 December 1991 706650 new £1 ordinary shares were issued and were allotted at par to VSEL Consortium PLC following a special resolution to increase the authorised Share Capital of the company to 706750.

## 15. Other reserves

	Share Premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 1991	24451	25	(1123775)
Movements during period:	<u>-</u>	<u>-</u>	<u>1006635</u>
At 31 January 1992	<u>24451</u>	<u>25</u>	<u>(117140)</u>

## NOTES TO THE ACCOUNTS (continued)

## 16. Contingent liabilities

The daily rates charged for certain contracts are subject annually to retrospective review. Provision is made in the accounts for any adjustments considered by the directors as likely to arise.

## 17. Future rental obligations under operating leases

	31 January 1992 £	31 March 1991 £
Payable in year ending 31 January 1993		
Land and Buildings		
Operating leases which expire:		
Within 1 year	-	-
In 2nd to 5th years inclusive	5800	5800
Over 5 years	<u>248000</u>	<u>248000</u>
	<u>253800</u>	<u>253800</u>
Other		
Operating leases which expire		
Within 1 year	-	362
In 2nd to 5th years inclusive	9774	3349
Over 5 years	<u>-</u>	<u>5268</u>
	<u>9774</u>	<u>8979</u>
Total	<u>263574</u>	<u>262779</u>

## NOTES TO THE ACCOUNTS (continued)

## 18. Pension Scheme

All employees of the Company who are members of an occupational pension scheme fall within the Topexpress Limited Pension and Life Assurance Scheme.

This scheme is funded, contributory and provides pensions related to final pensionable pay. The Company contributes in accordance with the advice of the scheme's independent actuaries based on their valuations.

The valuation method used was the attained age method. It assumed yields obtainable on investments would be 9% per annum and pensionable salaries would increase at 7% per annum.

The most recent actuarial valuation was carried out as at 31 December 1989 and showed that the scheme was satisfactorily funded. However the rate of employers contribution has reduced from 11.75% to 6.4% of pensionable salary with effect from 1 January 1991. As the actual rate paid was not changed until August 1991 a debtor of £13648 is included in the accounts. The next valuation will be carried out as at 31 December 1992.

## 19. Ultimate Parent Company

Until 31 December 1991, the Ultimate Parent Company was VSEL Consortium PLC, a company registered in England and Wales. Following the acquisition of the company by SAIC UK Limited on 31 December 1991, the Ultimate Parent Company is Science Applications International Corporation, a company incorporated in the State of Delaware in the United States of America.