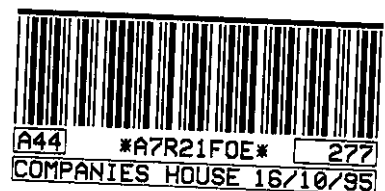


IMI Computing Limited

Directors' report and financial statements

For the year ended 31 December 1994

Registered number 1641088



IMI Computing Limited

Directors' report and financial statements

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IMI Computing Limited

Directors' report

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

Principal activities

The principal activity is the provision of IT outsourcing, integrated business applications and technical solutions focusing particularly on the use of office and workflow technology to the larger organisations in Europe.

In addition the company specialises in the insurance and finance sector.

Results for the year

The company's profit on ordinary activities for the year ended 31 December 1994 after taxation amounted to £549,230 (1993: £312,552) and this amount has been transferred to retained reserves (1993: £312,552).

Dividends

Accrued dividends on the 8% cumulative redeemable preference shares amounted to £140,000 (1993: £100,000); these have been waived by the shareholder.

Review of business

The company continued to shift its business into its chosen markets supported again by significantly increased spending on research and development and retraining.

Research and development

Whilst the development of systems for customers is one of the principal activities of the business, speculative development of office systems continued in 1994. Income was received from products developed in this way during 1994 and previous years.

Directors

The directors who served during the year were as follows:

Mrs IN Brown	
Mr RJ Davies	
Mr AL Emson	(appointed 1 September 1994)
Mr R Amos	(resigned 1 September 1994)
Mr DA Williamson	(resigned 31 July 1994)
Mr PJ Williamson	(resigned 9 September 1994)
Mr BJ Dewis	(resigned 10 February 1994)
Mr TJ Gillard	(resigned 1 December 1994)

IMI Computing Limited

Directors' report *(continued)*

Directors' interests in shares and debentures

Mr A Emson is a director of IMI plc and his interests in the shares and debentures of IMI plc are shown in the directors' report and financial statements of IMI plc. The interests of the other persons (including the interests of their families) who were directors at the end of the year in shares and debentures of the company's ultimate holding company, IMI plc, are shown below. None of the directors (or their families) had any interest in the share capital of the company or any other subsidiary of IMI plc.

	IMI plc ordinary shares	
	At 31 December 1994 Number	At 1 January 1993 Number
IN Brown	3,013	1,909
RJ Davies	9,500	9,500

Directors' share options

Options were granted during the year to directors as shown below:

	IMI plc ordinary shares Options granted during the year	IMI Savings - Related Share Option Scheme
IN Brown		2,070
RJ Davies		-

Options shown above are in respect of IMI plc ordinary shares. Options granted under the IMI Savings Related Share Option Scheme are exercisable on 1 June 1999 or 1 June 2001 at a price of 280p per share.

IN Brown exercised an option to purchase 882 shares during the year.

IMI Computing Limited

Directors' report (*continued*)

Directors' and officers' insurance

During the year insurance was maintained for directors and officers of the company against certain liabilities which they might incur personally.

Fixed assets

Changes in tangible fixed assets are as set out in note 8 to the financial statements.

Employee involvement

The directors believe that benefit is derived from the provision of systematic channels for employee participation. Formal joint consultative machinery has been in operation for many years and exchange of information between management and employees is strongly encouraged.

During 1994 joint consultation has continued, through exchange of information and constructive discussion, to play a vital role in ensuring consideration of employees' views on matters likely to affect their interests and in developing understanding of factors affecting the performance of the company.

An employee profit sharing scheme has been operated for many years providing an annual profit-related bonus to employees. Since 1980 an opportunity to take the bonus in the form of IMI plc shares has been available to all. In 1984 an Inland Revenue approved savings-related share option scheme was introduced for all employees.

A summary of the IMI plc annual report and a copy of the full IMI plc annual report is also available to all.

Statement of directors' responsibilities

The directors are required to prepare financial statements for each financial period which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the company as at the end of the accounting period and of the profit or loss for that period. Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. Applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

IMI Computing Limited

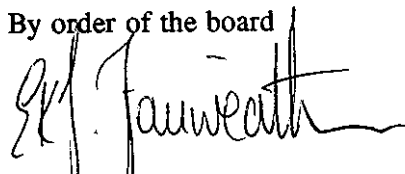
Directors' report *(continued)*

Employment of disabled persons

Applications for employment from disabled persons are fully and fairly considered, bearing in mind the aptitudes and abilities of the person concerned. In the event of employees becoming disabled every reasonable effort is made to ensure that their employment with the company continues and the appropriate training is arranged.

It is the policy of the company that disabled persons should, as far as possible, have identical training, career development and promotion to those who do not suffer from disabilities.

By order of the board



EKJ Fairweather
Secretary

Lion House
PO Box 1240
Witton
Birmingham
B6 7UH

28 March 1995



2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of IMI Computing Limited

We have audited the financial statements on pages 6 to 17.

Respective responsibilities of directors and auditors

As described on page 3 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 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.

29 March 1995

*Chartered Accountants
Registered Auditors*



IMI Computing Limited

Profit and loss account for the year ended 31 December 1994

	<i>Note</i>	Continuing operations	
		1994	1993
		£	£
Turnover	2	12,962,778	12,037,229
Cost of sales		9,458,022	(9,143,480)
		<hr/>	<hr/>
Gross profit		3,504,756	2,893,749
Distribution costs		(1,469,396)	(1,087,684)
Administrative expenses		(1,381,586)	(1,438,023)
		<hr/>	<hr/>
Trading profit		653,774	368,042
Income from shares in subsidiary undertaking	7	86,161	-
Interest receivable		15,889	3,216
Interest payable	3	(6,594)	(34,706)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	749,230	336,552
Taxation on profit on ordinary activities	5	(200,000)	(24,000)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		549,230	312,552
		<hr/>	<hr/>
Retained profit for the financial year		549,230	312,552
		<hr/>	<hr/>

The movement in reserves is shown in note 14 on page 13.

There were no unrecognised gains or losses for the year.

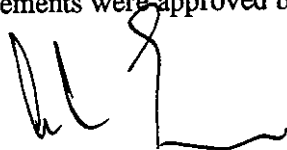
IMI Computing Limited

Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	8		1,510,109		1,513,270
Investments	9		-		1,000
Current assets					
Debtors	10	2,693,829		3,307,699	
Cash at bank and in hand		695,630		72,460	
		<u>3,389,459</u>		<u>3,380,159</u>	
Creditors: amounts falling due within one year	11	<u>(2,426,411)</u>		<u>(2,749,906)</u>	
Net current assets			<u>963,048</u>		<u>630,253</u>
Total assets less current liabilities			<u>2,473,157</u>		<u>2,144,523</u>
Financed by					
Provisions for liabilities and charges	12		51,769		272,365
Capital and reserves					
Called up share capital	13	2,500,000		2,500,000	
Profit and loss account	14	<u>(78,612)</u>		<u>(627,842)</u>	
Equity and non equity shareholders funds	15		<u>2,421,388</u>		<u>1,872,158</u>
			<u>2,473,157</u>		<u>2,144,523</u>

These financial statements were approved by the board of directors on 28 March 1995 and were signed on its behalf by:

AL Emson



I N Brown
Directors



IMI Computing Limited

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Plant, fixtures, fittings and equipment - Between 1 and 5 years

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Foreign currencies

Assets and liabilities denominated in foreign currencies have been translated into sterling at the rate of exchange ruling at 31 December 1994. Differences arising on trading transactions in the year are reflected in profit before taxation.

Pensions

Contributions to a group defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' average remaining service lives with the company.

Leasing

Assets acquired under hire purchase and finance lease contracts are recorded in the balance sheet as fixed assets at their equivalent capital value and are depreciated over the useful life of the asset. The corresponding liability is recorded as a creditor and the interest element of the amount paid is charged against profits. Payments under operating leases are charged to the profit and loss account as they arise.

Distribution costs

Selling expenses are included in distribution costs.

IMI Computing Limited

Notes (continued)

2 Turnover

Turnover represents amounts invoiced by the company in respect of computer services, excluding value added tax.

The analysis of turnover by geographical area is as follows:

	1994 £	1993 £
United Kingdom	11,405,022	10,841,070
Rest of Europe	1,034,207	956,346
North America	416,362	153,352
Australasia	55,387	59,402
Africa	8,943	24,375
Far East	42,857	2,684
	<u>12,962,778</u>	<u>12,037,229</u>

3 Interest payable

	1994 £	1993 £
On bank overdraft	850	276
On loans from group and fellow subsidiary undertakings	5,594	34,430
Other	150	-
	<u>6,594</u>	<u>34,706</u>

IMI Computing Limited

Notes (continued)

4 Profit on ordinary activities before taxation

	1994	1993
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation of tangible fixed assets	603,003	566,974
Auditors' remuneration and expenses	9,500	9,250
Directors' remuneration (see note 18):		
Emoluments	187,193	250,183
Hire of plant and machinery	414,771	732,219
Finance lease interest	-	77
Research and development	382,105	203,952

5 Taxation

	1994	1993
	£	£
Based on the profit for the year:		
UK corporation tax at 33% (1993: 33%)	200,000	20,190
Overseas taxation	-	3,810
	<u>200,000</u>	<u>24,000</u>

The taxation charge for the year reflects tax relief being available in respect of rationalisation costs which were provided as an exceptional item in prior years. It is the company's accounting practice not to establish deferred tax assets for such provisions.

The unprovided deferred tax asset is analysed as follows:

	1994	1993
	£	£
Accelerated capital allowances	95,000	93,000
Other timing differences	17,000	79,000
	<u>112,000</u>	<u>172,000</u>

IMI Computing Limited

Notes (continued)

6 Dividend

	1994 £	1993 £
8% cumulative preference dividend	-	-

Accrued dividends on the 8% cumulative redeemable preference shares of £1 each amounting to £140,000 at 31 December 1994 (1993: £100,000) have been waived by the shareholder.

7 Income from shares in subsidiary undertaking

	1994 £	1993 £
Interim dividend received	86,161	-

8 Tangible fixed assets

	Plant, fixtures, fittings and equipment		
	Cost	Depreciation	Net book value
	£	£	£
At beginning of year	4,526,429	(3,013,159)	1,513,270
Additions	689,103	-	689,103
Disposals	(311,983)	222,722	(89,261)
Depreciation charge for the year	-	(603,003)	(603,003)
At end of year	4,903,549	(3,393,440)	1,510,109

9 Investment in subsidiary undertakings

	Cost	Provision	Net book value
	£	£	£
At beginning of year	5,046	(4,046)	1,000
Share capital redeemed	(5,046)	4,046	(1,000)
At end of year	-	-	-

The investment comprised the whole of the issued share capital of Structured Data Design Limited, a company registered in Scotland and incorporated in Great Britain.

The company was dissolved on 2 September 1994 and its share capital redeemed at par value.

IMI Computing Limited

Notes (continued)

10 Debtors

	1994 £	1993 £
Trade debtors	2,460,746	1,971,284
Amounts owed by fellow subsidiary undertakings	28,347	1,169,684
Other debtors	13,668	24,808
Prepayments and accrued income	191,068	141,923
	<u>2,693,829</u>	<u>3,307,699</u>

Included in other debtors is an amount of £12,200 (1993: £12,200) recoverable after more than one year.

11 Creditors: amounts falling due within one year

	1994 £	1993 £
Trade creditors	939,143	385,459
Amounts owed to parent and fellow subsidiary undertakings	140,169	232,692
Amounts owed to subsidiary undertaking	-	87,161
Other creditors	299,417	364,530
Accruals and deferred income	833,548	1,656,064
Taxation	214,134	24,000
	<u>2,426,411</u>	<u>2,749,906</u>

IMI Computing Limited

Notes (continued)

12 Provisions for liabilities and charges

	Other provisions £	Rationalisation provisions £	Total £
At beginning of year	50,000	222,365	272,365
Profit and loss account charge/(credit)	(50,000)	-	(50,000)
Utilised during the year	-	(170,596)	(170,596)
At end of year	-	51,769	51,769

13 Called up share capital

	1994 £	1993 £
<i>Authorised, allotted, called up and fully paid</i>		
2,000,000 (1993: 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000
500,000 (1993: 500,000) 8% cumulative redeemable preference shares of £1 each	500,000	500,000
	<u>2,500,000</u>	<u>2,500,000</u>

The 8% cumulative redeemable preference shares fell due for redemption at par by the company on 31 December 1994. The holder has agreed not to seek redemption of these shares prior to 1 January 1996.

14 Reserves

	£
At beginning of year	(627,842)
Retained profit for the year	549,230
At end of year	<u>(78,612)</u>

IMI Computing Limited

Notes (continued)

15 Shareholders funds

	1994 £	1993 £
Analysis of shareholders' funds		
Equity shareholders' funds	1,921,388	1,372,158
Non-equity shareholders' funds	500,000	500,000
	<u>2,421,388</u>	<u>1,872,158</u>

Reconciliation of movement in shareholders' funds

	1994 £	1993 £
At beginning of period	1,872,158	1,559,606
Profit for the financial year	549,230	312,552
	<u>2,421,388</u>	<u>1,872,158</u>

16 Commitments

Capital commitments at 31 December 1994, for which no provision has been made in these financial statements, were as follows:

	1994 £	1993 £
Contracted	36,344	41,014
Authorised but not contracted	5,995	153,141
	<u>42,339</u>	<u>194,155</u>

IMI Computing Limited

Notes (continued)

17 Leasing commitments

Annual commitments in respect of lease contracts are as follows:

	Other operating leases	
	1994	1993
	£	£
Operating leases which expire:		
Within one year	-	26,794
Between two and five years	240,000	240,000
After five years	67,750	67,750
	<u>307,750</u>	<u>334,544</u>

18 Directors' emoluments excluding pension contributions

	1994	1993
		£
Salaries and other benefits	181,007	248,651
Pension contributions	6,186	8,677
	<u>187,193</u>	<u>257,328</u>

Excluding pension contributions, the emoluments of the highest paid director amounted to £76,371 (1993: £68,359). The emoluments of the chairman were £Nil (1993: £Nil).

The emoluments of the directors who served during the year, excluding pension contributions, were within the following ranges:

	Number of directors	
	1994	1993
£0 - £ 5,000	5	2
£15,001 - £20,000	-	1
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	-	1
£65,001 - £70,000	1	1
£75,001 - £80,000	1	-
	<u>1</u>	<u>-</u>

IMI Computing Limited

Notes (continued)

19 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1994	1993
Administration	15	15
Production	170	175
	<hr/>	<hr/>
	185	190
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Salaries	4,445,645	4,429,622
Social security costs	415,079	395,494
Other pension costs	401,689	413,103
	<hr/>	<hr/>
	5,262,413	5,238,219
	<hr/>	<hr/>

20 Pensions

The company is a member of a group operated defined benefit pension scheme, the assets being held in independently administered funds. The scheme is funded partly by contributions from the employees and partly from company contributions at rates determined by an independent qualified actuary. Contributions to the pension scheme are based on pension costs across the group as a whole.

The last formal actuarial valuation was at 31 March 1993. Particulars of the actuarial valuation of the group scheme are contained in the financial statements of IMI plc.

21 Disclosable contracts

There were no disclosable contracts or arrangements between the company and any of its directors, nor were any of its directors materially interested in any contract or arrangement subsisting during or at the end of the year.

22 Cash flow statement

A group cash flow statement for the year ended 31 December 1994 is included in the IMI plc Annual Report and accordingly no cash flow statement is shown in these financial statements.

IMI Computing Limited

Notes *(continued)*

23 Contingent liabilities

The company has overdraft facilities which form part of a composite accounting arrangement with those of IMI plc and certain of its subsidiaries. Accordingly, the company in concert with those other group companies has entered into arrangements whereby each has offered a limited guarantee in respect of the others overdraft borrowings from time to time. The company's maximum liability is limited to the extent of its current account cash balances from time to time which at 31 December 1994 amounted to £692,671.

24 Ultimate parent company

The company's immediate parent company is IMI Kynoch Limited and its ultimate parent company is IMI plc; both companies are registered in England and incorporated in Great Britain. A copy of the group financial statements of the ultimate parent company is available from:

The Secretary
IMI plc
PO Box 216
Witton
Birmingham
B6 7BA