



**CONTINUUM (UK) HOLDINGS LIMITED**

**Report and Financial Statements**

**31 March 1997**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M Brinsford (Managing Director)  
M Vergunst  
N Cullimore

**SECRETARY**

M Vergunst

**REGISTERED OFFICE**

423 London Road  
Camberley  
Surrey  
GU15 3QP

**BANKERS**

National Westminster Bank Plc  
45 Park Street  
Camberley  
Surrey  
GU15 3XQ

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the group for the year ended 31 March 1997.

### **RESULTS AND DIVIDENDS**

The group's profit after tax amounted to £1,512,318 (1996 - £1,550,899).

The directors do not recommend the payment of a dividend.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The group's principal activity continued to be the supply of computer software services to the insurance and banking industries.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The directors are satisfied with the company's performance in the year.

No significant future developments are planned. The group will aim to build on the performance of the past year.

### **DIRECTORS**

The directors who held office during the year were as follows:

M Brinsford	
M Vergunst	(appointed 19 September 1997)
N Cullimore	
P Fox	(resigned 19 September 1997)

The directors have no beneficial interests in the share capital of the company as defined by the Companies Act 1985.

The directors and the secretary had the following interests in the common stock, US\$1 par value per share, of Computer Sciences Corporation requiring disclosure under the terms of the Companies Act:

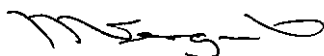
	<b>At 31 March 1997</b>	
	<b>Shares</b>	<b>Options</b>
M Brinsford	-	66,801
P Fox	36,613	95,196

### **AUDITORS**

Ernst & Young resigned as auditors during the year. Deloitte & Touche, who were appointed by the directors in their place, have expressed their willingness to continue in office as auditors.

A resolution to reappoint Deloitte & Touche will be put to the members at the Annual General Meeting.

Approved by the Board of Directors  
 and signed on behalf of the Board



M Vergunst

Director

29 April, 1998

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

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



## AUDITORS' REPORT TO THE MEMBERS OF

## CONTINUUM (UK) HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 9 and 10.

### 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 the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 and the group's affairs at 31 March 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and Registered Auditors

29 April 1998

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1997**

	Note	1997 £	1996 £
<b>TURNOVER</b>	2	15,683,585	22,066,829
Cost of sales		-	-
Gross profit		15,683,585	22,066,829
Administrative and selling expenses		(13,515,407)	(20,528,934)
<b>OPERATING PROFIT</b>	3	2,168,178	1,537,895
Other interest receivable	6	8,729	74,959
Interest payable and similar charges	7	(48,076)	(2,323)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,128,831	1,610,531
Tax on profit on ordinary activities	8	(616,513)	(59,632)
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>1,512,318</u>	<u>1,550,899</u>

All results are derived from continuing operations. A statement of the movement on reserves can be found in note 16.

As provided by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not published as part of these accounts. The retained profit of the company for the year was £92,222 (1996 - £nil).



**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 1997**

	1997 £	1996 £
Profit for the financial year attributable to members of the parent company	1,512,318	1,550,899
Exchange difference on retranslation of net assets of subsidiary undertaking	<u>(311,593)</u>	<u>56,650</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>1,200,725</u></u>	<u><u>1,607,549</u></u>


**CONSOLIDATED BALANCE SHEET**  
**31 March 1997**

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Intangible assets	9	4,398,353	4,718,233
Tangible assets	10	986,421	1,078,690
		<u>5,384,774</u>	<u>5,796,923</u>
<b>CURRENT ASSETS</b>			
Debtors	12	15,438,757	6,763,323
Cash at bank and in hand		352,900	209,884
		<u>15,791,657</u>	<u>6,973,207</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>13,405,951</u>	<u>6,375,159</u>
<b>NET CURRENT ASSETS</b>		<u>2,385,706</u>	<u>598,048</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,770,480</u>	<u>6,394,971</u>
<b>CREDITORS: amounts falling due after more than one year</b>		140,217	-
Provisions for liabilities and charges	14	<u>34,567</u>	<u>-</u>
		<u>7,595,696</u>	<u>6,394,971</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	7,104,714	7,104,714
Other reserves	16	740,151	740,151
Profit and loss account	16	(249,169)	(1,449,894)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>7,595,696</u>	<u>6,394,971</u>

These financial statements were approved by the Board of Directors on 29 April 1998.

Signed on behalf of the Board of Directors

M Vergunst

Director


**COMPANY BALANCE SHEET**  
**31 March 1997**

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Investments	11	<u>7,070,683</u>	<u>7,070,683</u>
<b>CURRENT ASSETS</b>			
Debtors	12	3,562,828	-
<b>CREDITORS: amounts falling due within one year</b>	13	<u>6,125,927</u>	<u>2,689,888</u>
<b>NET CURRENT LIABILITIES</b>		(2,563,099)	(2,689,888)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,507,584	4,380,795
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>			
Deferred taxation	14	<u>34,567</u>	<u>-</u>
		<u>4,473,017</u>	<u>4,380,795</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	7,104,714	7,104,714
Profit and loss account	16	<u>(2,631,697)</u>	<u>(2,723,919)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>4,473,017</u>	<u>4,380,795</u>

These financial statements were approved by the Board of Directors on 29 April 1998.

Signed on behalf of the Board of Directors

M Vergunst

Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997****1. ACCOUNTING POLICIES****Basis of preparation**

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

**Basis of consolidation**

The group accounts consolidate the accounts of Continuum (UK) Holdings Limited and all of its subsidiary undertakings for the financial year ended 31 March 1997. No profit and loss account is presented for the company as provided by Section 230 of the Companies Act 1985.

**Goodwill**

Goodwill arising on consolidation is amortised over a period of 20 years.

**Turnover**

Turnover represents the following:

Software and other services	amounts invoiced by the company in respect of goods sold and services provided during the year
Licence fees	total licence fee revenue is taken into turnover when a binding agreement exists
Support revenue	support revenue is taken into turnover over the period of the contract

**Depreciation**

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	three years
Leasehold property	life of the lease
Fixtures and fittings	five years

**Investments**

Investments held by Continuum (UK) Holdings Limited as fixed assets are shown at cost less any provision required to reflect a permanent diminution in value.

**Repairs and renewals**

Expenditure upon the initial refurbishing and redecoration of leasehold premises is allocated between leasehold improvements and furniture and fittings and is depreciated as above. Subsequent expenditure of a revenue nature is written off in the accounts of the year in which it is incurred.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**1. ACCOUNTING POLICIES (continued)**

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the closing rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves.

**Leases**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its useful life or the term of the lease, whichever is shorter. Future instalments due under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

**Pension costs**

The group contributes to defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged to the profit and loss account represents the contribution payable to the schemes in respect of the accounting period.

**Research and development expenditure**

Expenditure on research and development is generally written off to the profit and loss account in the year in which it is incurred.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**Cash flow statement**

As a wholly owned subsidiary of Computer Sciences Corporation, where group financial statements contain a cash flow statement, the company takes advantage of the exemption from the requirement to produce a cash flow statement.

**Comparative figures**

Where appropriate, for intercompany balances and operating lease commitments, the comparative balances have been restated to allow a consistent treatment of items across both years.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**
**2. TURNOVER**

	1997 £	1996 £
United Kingdom	4,535,831	8,992,629
Overseas	11,147,754	13,074,200
	<u>15,683,585</u>	<u>22,066,829</u>

Turnover is generated by the company's principal activity, sales are recorded exclusive of VAT and all sales are to third parties.

**3. OPERATING PROFIT**

	1997 £	1996 £
Operating profit is stated after charging:		
Amortisation of intangible fixed assets	319,880	319,880
Depreciation and other amounts written off tangible fixed assets:		
Owned assets	367,921	622,975
Leased assets	-	6,952
Hire of plant and machinery - rentals payable under operating leases	6,143	8,088
Auditors' remuneration	<u>47,000</u>	<u>50,000</u>

**4. INFORMATION REGARDING DIRECTORS**

The directors did not receive any remuneration from the company during the year to 31 March 1997 (1996 - £nil). They were remunerated by the CSC Financial Services Ltd for services to the European group.


**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1997**
**5. INFORMATION REGARDING EMPLOYEES**

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

	1997 No.	1996 No.
Management and administration	18	13
Consultancy	186	217
	<u>204</u>	<u>230</u>

The aggregate payroll costs incurred in the year in respect of these employees were as follows:

	£	£
Wages and salaries	7,599,768	8,154,431
Social security costs	628,679	741,741
Other pension costs	192,691	244,567
	<u>8,421,138</u>	<u>9,140,739</u>

**6. OTHER INTEREST RECEIVABLE**

	1997 £	1996 £
Interest receivable on bank deposits	8,729	12,687
Other	-	62,272
	<u>8,729</u>	<u>74,959</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	1997 £	1996 £
Interest on overdue tax and tax penalties	47,066	-
Bank loans, overdrafts and other loans wholly repayable within five years	1,010	2,323
	<u>48,076</u>	<u>2,323</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**
**8. TAXATION**

	1997 £	1996 £
UK corporation tax at 33% (1996 - 33%) based on the profit for the year	209,600	49,676
Prior year adjustment	366,150	(148,338)
Deferred tax	34,567	-
Overseas taxation	6,196	158,294
	<u>616,513</u>	<u>59,632</u>

**9. INTANGIBLE FIXED ASSETS**

	Goodwill arising on acquisition £
<b>Group</b>	
<b>Cost</b>	
At 31 March 1997 and 31 March 1996	<u>6,397,603</u>
<b>Amortisation</b>	
At 1 April 1996	1,679,370
Charge for the year	<u>319,880</u>
At 31 March 1997	<u>1,999,250</u>
<b>Net book value</b>	
At 31 March 1997	<u>4,398,353</u>
At 31 March 1996	<u>4,718,233</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**
**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Computer equipment £</b>	<b>Leasehold property fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 1996	2,471,996	556,119	3,028,115
Transfer from fellow subsidiary	282,250	-	282,250
Disposals	(9,900)	(21,285)	(31,185)
	<u>2,744,346</u>	<u>534,834</u>	<u>3,279,180</u>
<b>At 31 March 1997</b>			
<b>Depreciation</b>			
At 1 April 1996	1,586,735	362,688	1,949,423
Charge for the year	327,624	40,297	367,921
Disposals	(3,300)	(21,285)	(24,585)
	<u>1,911,059</u>	<u>381,700</u>	<u>2,292,759</u>
<b>At 31 March 1997</b>			
<b>Net book value</b>			
At 31 March 1997	<u>833,287</u>	<u>153,134</u>	<u>986,421</u>
At 31 March 1996	<u>885,260</u>	<u>193,430</u>	<u>1,078,690</u>

**11. INVESTMENTS HELD AS FIXED ASSETS**

<b>Company</b>	<b>Share in group undertakings £</b>
<b>Net book value</b>	
At 1 April 1996 and 31 March 1997	<u>7,070,683</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**
**11. INVESTMENTS HELD AS FIXED ASSETS (continued)**

The principal companies in which the group's interest is more than 10% are as follows:

	Country of registration/ incorporation	Ordinary shares percentage held
Subsidiary undertakings		
Computer software services to insurance and banking:		
Continuum Corporation Limited	England and Wales	100%
Continuum SICS AS	Norway	100%
Dormant:		
*Continuum Software Europe Limited	England and Wales	100%
*Capsco SA (Proprietary) Limited	South Africa	100%
*Paxus Corporation SA	Belgium	100%
Continuum Software (UK) Limited	England and Wales	100%
Insurance Software & Systems Limited	England and Wales	100%
IDAPS (UK) Limited	England and Wales	100%

\* - indirectly held

**12. DEBTORS**

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	7,086,064	2,668,404	-	-
Amounts owed by parent undertaking	2,036,515	-	1,396,441	-
Amounts owed by other group undertakings	3,715,938	-	2,039,598	-
Other debtors	181,569	58,029	-	-
Prepayments and accrued income	1,217,675	3,883,552	-	-
Corporation tax recoverable	1,200,996	153,338	-	-
Group relief receivable	-	-	126,789	-
	<u>15,438,757</u>	<u>6,763,323</u>	<u>3,562,828</u>	<u>-</u>


**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1997**
**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	245,472	196,710	-	-
Current corporation tax	664,154	49,676	-	-
Amount owed to parent undertaking	2,832,313	-	2,748,243	-
Amounts owed to other group undertakings	7,001,768	3,134,287	3,377,684	2,689,888
Other taxes and social security costs	1,159,381	507,280	-	-
Other creditors	282,726	204,845	-	-
Accruals and deferred income	1,220,137	2,282,361	-	-
	<u>13,405,951</u>	<u>6,375,159</u>	<u>6,125,927</u>	<u>2,689,888</u>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation provided and not provided in the accounts is as follows:

<b>Group</b>	<b>Provided 1997 £</b>	<b>Provided 1996 £</b>	<b>Not provided 1997 £</b>	<b>Not provided 1996 £</b>
Accelerated capital allowances	-	-	-	(137,676)
Other timing differences	34,567	-	-	(50,354)
	<u>34,567</u>	<u>-</u>	<u>-</u>	<u>(188,030)</u>

	<b>£</b>
At 1 April 1996	-
Profit and loss account	34,567
At 31 March 1997	<u>34,567</u>

<b>Company</b>	<b>Provided 1997 £</b>	<b>Provided 1996 £</b>	<b>Not provided 1997 £</b>	<b>Not provided 1996 £</b>
Short term timing differences	-	-	-	-
Losses	34,567	-	-	-
	<u>34,567</u>	<u>-</u>	<u>-</u>	<u>-</u>


**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1997**
**14. PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

	£
At 1 April 1996	-
Profit and loss account	34,567
	<hr/>
At 31 March 1997	34,567
	<hr/>

**15. CALLED UP SHARE CAPITAL**

	1997 £	1996 £
Authorised, allotted, called up and fully paid:		
7,104,714 Ordinary shares of £1 each	7,104,714	7,104,714
	<hr/>	<hr/>

**16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

Group	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 April 1995	7,104,714	711,951	(3,029,243)	4,787,422
Profit for the year	-	-	1,550,899	1,550,899
Transfers	-	28,200	(28,200)	-
Exchange difference on retranslation of net assets of overseas subsidiary	-	-	56,650	56,650
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 1996	7,104,714	740,151	(1,449,894)	6,394,971
Profit for the year	-	-	1,512,318	1,512,318
Exchange difference on retranslation of net assets of overseas subsidiary	-	-	(311,593)	(311,593)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	7,104,714	740,151	(249,169)	7,595,696
	<hr/>	<hr/>	<hr/>	<hr/>

The cumulative amount of goodwill which has been written off to the profit and loss account in the current and earlier financial years is £1,999,250 (1996 - £1,679,370).

Other reserves represents legal reserves required by overseas subsidiaries and are non-distributable.

Company	Profit and loss account £
At the beginning of the year	(2,723,919)
Retained profit for the year	92,222
	<hr/>
At the end of the year	(2,631,697)
	<hr/>


**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1997**
**17. OPERATING LEASE COMMITMENTS**

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	675,211	14,609	716,230	7,990
In the second to fifth years inclusive	1,646,937	34,760	2,137,280	115,370
Over five years	2,358,749	-	2,642,749	-
	<u>4,680,897</u>	<u>49,369</u>	<u>5,496,259</u>	<u>123,360</u>

**18. RELATED PARTY TRANSACTIONS**

The Company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with group companies which are related parties.

**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent and controlling entity is Paxus H.V.

The company is a subsidiary of The Continuum Company Inc., incorporated in the USA. On 1 August 1996, the ultimate parent and controlling company, The Continuum Company Inc. merged with Computer Sciences Corporation, incorporated in the USA. From this date and in the directors opinion, the ultimate parent company is Computer Sciences Corporation. Copies of the group financial statements of Computer Sciences Corporation are available from 2100 East Grand Avenue, El Segundo, California 90245.

The parent undertaking of the smallest group which includes the company and for which group financial statements are prepared is CSC Continuum Australia (Holdings) Limited, a company registered in the USA.

Copies of the group financial statements of CSC Continuum Australia (Holdings) Limited are available from the UK registered office of Continuum (UK) Holdings Limited.