

COMPUTING DEVICES COMPANY LIMITED

AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31ST DECEMBER 1993

Registered Number : 1911653



COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Company and its subsidiary undertakings for the year ended 31st December 1993.

Business Review

The principal activities of the Group are those of designing, manufacturing, marketing and supporting electronic equipment for use both on aircraft and in ground applications.

The Group continues to invest in key projects to ensure growth in future years and remains well positioned to take new opportunities which will materially broaden both its technology base and product range.

Research and Development

The Group has continued to invest significant resources into the design and development of new technologies and products. This approach has contributed to the award of several contracts to translate concepts into fully developed products.

Results for the year

The Group's results for the year ended 31st December 1993 were as follows:

	£'000
Loss after taxation	(701)
Dividend paid	-
	<hr/>
Retained loss transferred to reserves	(701)
	<hr/> <hr/>

The directors do not recommend the payment of a dividend
 (1992: £180,000)

Land and Buildings

The directors are of the opinion that the market value of leased land and buildings is approximately in line with the book value of £1.7 million.

The directors are of the opinion that whilst the market value of freehold land and buildings may be below its carrying value as at 31 December 1993, there has not been a permanent diminution in value sufficient to necessitate a write down of those properties in the financial statements drawn up to that date.

Directors

The directors who served during the period were:

W. J. Uttley-Moore	(Chairman and Managing Director)
A. C. Turnbull	
D. J. Dolan	
R. L. Turner	(Appointed 16.2.93)
R. E. Handberg	(Resigned 27.1.93)
D. J. Butler	(Resigned 16.2.93)

Bank Facility

The 5 year term loan Banking facilities arranged in April 1992 for £5Million has been reduced in line with payments plan to £4.625Million.

Employees

The training and management of a highly skilled workforce is key to the future business growth. The directors ensure that health and safety are given special attention within the Group. The Group has a general policy to encourage employment of disabled people and would if at all possible, encourage the retention of any employee who became disabled during their employment and also encourage career development by suitable training thereafter. The Chairman and CEO is a founding director of the Sussex Training and Enterprise Council (TEC).

Employment Involvement

It is the Group's policy to inform the employees as fully as possible of all areas of Group activity. Comprehensive communication to all employees takes place twice yearly in addition to departmental communication meetings which occur monthly. The subjects covered include market forecasts, product developments, facility and benefit changes and, the Group's financial position.

Auditors

In accordance with Section 385 Companies Act 1985 a resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

21 Holborn Viaduct
London. EC1A 2DY

By Order of the Board
SISEC LIMITED

S. De Laune.
Company Secretary

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
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 Group and of the profit or loss for that period. In preparing these financial statements, the directors are required to

- * select suitable accounting policies and then apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the 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 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.

REPORT OF THE AUDITORS.
KPMG PEAT MARWICK.
TO THE MEMBERS OF
COMPUTING DEVICES COMPANY LIMITED

We have audited the financial statements on pages 6 to 25.

Respective responsibilities of directors and auditors

As described on page 4 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 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 affairs of the Company and the Group as at 31st December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

Gatwick

Date 19 Aug. 1994

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1993

	Notes	Year ended 31.12.93 £'000	Year ended 31.12.92 £'000
Turnover	2	20,766	20,969
Cost of sales		(17,715)	(17,213)
Gross profit		3,051	3,756
Administrative expenses		(2,977)	(2,295)
Operating profit		74	1,461
Other interest receivable & similar income	4	3	14
Interest payable & similar charges	5	(807)	(1,125)
(Loss)/profit on ordinary activities before taxation	6	(730)	350
Tax on (loss)/profit on ordinary activities	8	29	(198)
(Loss)/profit for the financial year		(701)	152
Dividends	9	-	(180)
Retained (loss) for the financial year		(701)	(28)

Details of movements in reserves are shown in note 22 on page 22.

The notes on pages 9 to 25 form an integral part of the financial statements.

There are no recognised gains or losses other than the loss for the financial year. The loss for the year arises from continuing operations.

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
BALANCE SHEETS AS AT 31ST DECEMBER 1993

	Note	<u>As at 31.12.93</u>		<u>As at 31.12.92</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	10	6,082	-	6,357	-
Interests in subsidiary undertakings	11	-	1,155	-	1,155
Interest in associated undertaking	12	96	-	96	-
		<u>6,178</u>	<u>1,155</u>	<u>6,453</u>	<u>1,155</u>
Current Assets					
Stock and work in progress	13	1,925	-	1,307	-
Debtors	14	12,697	4,677	11,923	4,637
Cash at bank and in hand		-	3,206	-	3,963
		<u>14,622</u>	<u>7,883</u>	<u>13,230</u>	<u>8,600</u>
Current Liabilities					
Creditors - amounts falling due within one year	15	(6,666)	(20)	(4,307)	(196)
Net Current Assets		<u>7,956</u>	<u>7,863</u>	<u>8,923</u>	<u>8,404</u>
Total Assets less Current Liabilities		<u>14,134</u>	<u>9,018</u>	<u>15,376</u>	<u>9,559</u>
Creditors - amounts falling due after more than one year	16	-	(1,500)	(44)	(1,500)
Provisions for liabilities and charges	18	(1,322)	-	(1,444)	-
Long term loans	20	(8,639)	(4,625)	(9,014)	(5,000)
Net Assets		<u>4,173</u>	<u>2,893</u>	<u>4,874</u>	<u>3,059</u>
Capital and Reserves					
Called-up share capital	21	1,912	1,912	1,912	1,912
Capital redemption reserve	22	88	88	88	88
Profit and loss account	22	2,173	893	2,874	1,059
		<u>4,173</u>	<u>2,893</u>	<u>4,874</u>	<u>3,059</u>

.....) The Accounts were approved
W.J. UTTLEY-MOORE) by the Board of Directors
.....) on 31st March 1994
A.C. TURNBULL)

The notes on pages 9 to 25 form an integral part of these financial statements.

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1993

	Year ended 31.12.93 £'000	Year ended 31.12.92 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES (NOTE 27)	684	1,502
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received	3	3
Interest paid	(780)	(1,008)
Interest element of finance lease rental payments	(27)	(50)
Dividends paid	-	(180)
	<u>(804)</u>	<u>(1,235)</u>
TAXATION		
Corporation tax paid	-	(292)
Refund of corporation tax	104	54
	<u>104</u>	<u>(238)</u>
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(622)	(478)
Receipt from sale of fixed assets	187	111
	<u>(435)</u>	<u>(367)</u>
Net cash outflow before financing	<u>(451)</u>	<u>(338)</u>
FINANCING		
Premium on purchase of shares	-	830
Stamp duty	-	4
Long term loans repaid/(received)	375	(9,014)
Capital element of finance lease rental payments	207	412
Net cash outflow from financing	582	(7,768)
INCREASE IN CASH AND CASH EQUIVALENTS (NOTE 29)	(1,033)	7,430
	<u>(451)</u>	<u>(338)</u>

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) The following accounting policies have been applied consistently in dealing with items which are material in relation to the financial statements.

(ii) Basis of Preparation and Consolidation

- a) These financial statements have been prepared in accordance with Applicable Accounting Standards and under the historical cost accounting rules.
- b) The consolidated accounts include the accounts of Computing Devices Company Limited and its subsidiary undertakings.
- c) The assets, liabilities and results of the related company, Mass Data Systems Limited, have been included in the accounts under the equity accounting method.
- d) Goodwill arising on consolidation is written off against accumulated reserves.
- e) The Company has not presented its own Profit and Loss Account in accordance with Section 230(4) Companies Act 1985.

(iii) Investments

Interests in subsidiary undertakings are shown in the Company's balance sheet at cost less provisions for any permanent diminution in value.

(iv) Depreciation

Depreciation on plant, machinery, and motor vehicles is provided on a straight line basis at 25% per annum. The cost of the leasehold premises is being written off on a straight line basis over a realistic life span (50 years). Depreciation has been provided on freehold buildings, excluding the value of the land, at 2% per annum on a straight line basis.

(v) Long Term Contracts

Profit on long term contracts is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated on a basis to reflect the proportion of work carried out at the year end. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts included in cost of sales for long term contracts represent all costs incurred in the year, comprising direct materials and labour plus attributable overheads based on normal levels of activity.

Amounts included in turnover for long term contracts represent the sales value of work carried out, calculated as costs incurred plus attributable profit or less foreseeable losses.

COMPUTING DEVICES COMPANY LIMITED

AND ITS SUBSIDIARY UNDERTAKINGS

NOTES ON THE FINANCIAL STATEMENTS (CONT)

(vi) Short Term Contracts

On short term contracts turnover represents amounts invoiced and authorised during the accounting period net of VAT.

(vii) Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future.

(viii) Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

(ix) Foreign Currency

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or the contract rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at a forward contract rate.

(x) Warranties

Provision is made for the estimated cost of work to be performed under warranties.

(xi) Research and Development

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

(xii) Leasing Commitments

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profits over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profits on a straight line basis over the term of the lease.

(xiii) Pensions

The Group operates a defined benefit pension scheme. The scheme is funded by contributions from both employers and employees at rates determined by independent qualified actuaries. These contributions are invested separately from the Group's assets.

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL STATEMENTS (CONT)2. **TURNOVER**

Turnover has been wholly derived from the continuing operation of design, production and support of avionic electronic equipment. The analysis of turnover by geographical area is as follows:

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
United Kingdom	15,805	17,329
Europe	3,815	1,817
North America	1,091	1,328
Far East	55	495
	<u>20,766</u>	<u>20,969</u>

3. **STAFF NUMBERS AND COSTS**

The average number of the Group's employees (including directors) during the period are as follows:

	Year ended <u>31.12.93</u>	Year ended <u>31.12.92</u>
Administration	109	93
Production	<u>322</u>	<u>371</u>

The aggregate payroll costs of these employees were as follows :

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Wages and salaries	8,525	8,326
Social security costs	686	658
Pension contributions	<u>352</u>	<u>359</u>

Wages and salaries include redundancy costs of £381,000 (1992:£290,000).

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES ON THE FINANCIAL STATEMENTS(Continued)

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Amounts receivable (non-group)	3	14

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Bank loans and overdrafts and other loans wholly repayable within five years	412	995
Finance charges payable under finance leases	27	60
Interest on overdue tax	1	-
Interest on late invoice payment	1	-
Interest on loans from parent undertaking	366	70
	<u>807</u>	<u>1,125</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This has been wholly derived from the design, production and support of avionic electronic equipment.

Profit before taxation is stated after charging the following:

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Research & development	300	156
Equipment rental	2	5
Depreciation of owned fixed assets	638	694
Depreciation of assets held under finance leases	163	426
Auditors' remuneration for audit services	51	67
for other services	85	26

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL STATEMENTS(Continued)

7. DIRECTORS EMOLUMENTS

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Directors' emoluments		
As Executives	145	216
	<u>145</u>	<u>216</u>
Compensation for loss of office		
Former director	-	5
	<u>145</u>	<u>221</u>

Excluding pension contributions, the emoluments of the chairman, who was also the highest paid director, were £79,804 (1992 : £84,174).

The directors' emoluments were within the following ranges:

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
£ 0 - £ 5,000	4	4
£ 5,001 - £10,000	-	1
£55,001 - £60,000	-	1
£65,001 - £70,000	1	1
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Year ended <u>31.12.93</u> £'000	Year Ended <u>31.12.92</u> £'000
The charge to taxation comprises:		
Corporation tax on profits for year at 33.0% (1992: 33.0%)	-	-
Adjustment for prior years	(20)	58
	<u>(20)</u>	<u>58</u>
Deferred tax charge/(release) (note 19)	(9)	140
	<u>(29)</u>	<u>198</u>

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES ON THE FINANCIAL STATEMENTS
 (continued)

9. DIVIDENDS

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Interim paid	-	180

10. TANGIBLE ASSETS

<u>Group</u>	<u>Freehold</u> <u>Land and</u> <u>Building</u>	<u>Long</u> <u>Leasehold</u> <u>Land and</u> <u>Buildings</u>	<u>Short</u> <u>Leasehold</u> <u>Land and</u> <u>Buildings</u>	<u>Plant</u> <u>Machinery</u> <u>and Motor</u> <u>Vehicles</u>	<u>Totals</u>
	£'000	£'000	£'000	£'000	£'000
Cost :					
As at 1st January 1993	3,803	2,228	23	7,363	13,417
Additions	-	4	-	618	622
Disposals	-	-	-	(510)	(510)
At 31st December 1993	<u>3,803</u>	<u>2,232</u>	<u>23</u>	<u>7,471</u>	<u>13,529</u>
Depreciation :					
As at 1st January 1993	270	474	6	6,310	7,060
Charged in year	58	47	1	695	801
Depreciation on disposals	(42)	30	(1)	(401)	(414)
At 31st December 1993	<u>286</u>	<u>551</u>	<u>6</u>	<u>6,604</u>	<u>7,447</u>
Net Book Value :					
At 31st December 1993	<u>3,517</u>	<u>1,681</u>	<u>17</u>	<u>867</u>	<u>6,082</u>
At 31st December 1992	<u>3,533</u>	<u>1,754</u>	<u>17</u>	<u>1,053</u>	<u>6,357</u>

The net book value of plant and machinery and motor vehicles above of £867,000 (1992: £1,053,000) includes a net book value of £31,000 (1992: £230,000) together with an associated depreciation charge of £163,000 (1992: £426,000) in respect of assets held under finance leases. Land with a book value of £890,000 (1992: £890,000) has not been depreciated.

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES ON THE FINANCIAL STATEMENTS (continued)

11. INTEREST IN SUBSIDIARY UNDERTAKINGS

	<u>Shares</u> £'000	<u>Loans</u> £'000	<u>Total</u> £'000
At 1st January 1993	955	200	1,155
Provisions made in Year	-	-	-
At 31st December 1993	<u>955</u>	<u>200</u>	<u>1,155</u>

The subsidiary undertakings, Computing Devices Hastings Limited and Computing Devices Eastbourne Limited, are wholly owned and incorporated in Great Britain and registered in England and Wales. The principal activity of both subsidiary undertakings is the design, production and support of avionic electronic equipment.

12. INTEREST IN ASSOCIATED UNDERTAKING

	£'000
As at 1st January 1993 and 31st December 1993	<u>96</u>

The Group owns 25% of the Ordinary Share Capital and 100% of the preference share capital of Mass Data Systems Limited which is incorporated in Great Britain and registered in England and Wales. The company's principal activity is the sale of goods and services for oil exploration. In the most recent accounts, for the year ended 31st October 1993, the company reported a profit after tax of £13,465 and had shareholders' funds of £104,699.

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL STATEMENTS(continued)

13. STOCK AND WORK IN PROGRESS

	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Raw materials and consumables	663	686
Contract work in progress	1,262	621
	<u>1,925</u>	<u>1,307</u>

14. DEBTORS

<u>Group</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Amount recoverable on contracts	7,389	5,333
Trade debtors	5,008	6,076
Other debtors	55	95
Prepayments	138	227
Corporation tax receivable	107	191
	<u>12,697</u>	<u>11,923</u>
 <u>Company</u>	 As at <u>31.12.93</u> £'000	 As at <u>31.12.92</u> £'000
Amount owed by subsidiary undertaking	4,625	4,585
Advanced corporation tax receivable	25	25
Corporation tax receivable	27	27
	<u>4,677</u>	<u>4,637</u>

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES ON THE FINANCIAL STATEMENTS(contined)

15. CREDITORS : Amounts falling due within one year

<u>Group</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Bank overdraft	1,049	16
Payments on account on long term contracts	1,972	1,514
Trade creditors	991	1,120
Obligations under finance leases (Note 17)	17	181
Amounts owed to parent undertaking	1,120	363
Other creditors including taxation and social security	709	609
Accruals	808	504
	<u>6,666</u>	<u>4,307</u>

The bank overdraft is secured by a first legal charge on properties and a fixed and floating charge on the assets of the Group.

Other creditors including taxation and social security comprises :

Social security	86	90
Other taxes	619	516
	<u>705</u>	<u>606</u>
Taxation and social security		
	4	3
Other creditors	<u>709</u>	<u>609</u>

<u>Company</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Accruals	20	196
	<u>20</u>	<u>196</u>

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES ON THE FINANCIAL STATEMENTS (continued)

16. CREDITORS : Amounts falling due after more than one year.

<u>Group</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Obligations under finance leases (Note 17)	-	44
	<u> </u>	<u> </u>
<u>Company</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Amount due to subsidiary undertaking	1,500	1,500
	<u> </u>	<u> </u>

17. OBLIGATIONS UNDER FINANCE LEASES

Group

Maturity of these amounts is as follows:

	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Amounts payable		
Within one year	19	200
In the second to fifth years inclusive	-	47
	<u>19</u>	<u>247</u>
Less: Finance charges allocated to future periods	(2)	(22)
	<u>17</u>	<u>225</u>

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL STATEMENTS(continued)

18. PROVISION FOR LIABILITIES AND CHARGES

<u>Group</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Warranty	38	104
Provision for future losses on long term contracts	758	738
Deferred taxation (note 19)	459	468
Other provisions	67	134
	<u>1,322</u>	<u>1,444</u>

Due to the nature of provisions for future losses on long term contracts and their method of calculation it is not possible to split the movement on provisions between the utilisation of past provisions and the creation of new provisions. Accordingly the analysis of the movement as required by schedule 4 of the Companies Act 1985 is not given.

19. DEFERRED TAXATION

The balance sheet amount for deferred taxation represents the full provision for any future liability:

<u>Group</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Excess of tax allowances over depreciation	973	848
Other timing differences	(426)	(292)
	<u>547</u>	<u>556</u>
Advance corporation tax	(88)	(88)
	<u>459</u>	<u>468</u>
Balance at 1st January 1993	556	416
Charge for the year in the profit & loss account	(9)	140
Balance at 31st December 1993	<u>547</u>	<u>556</u>

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL STATEMENTS(continued)

<u>Company</u>	As at <u>31.12.93</u>	As at <u>31.12.92</u>
Unrelieved Losses	-	-
	-	-
Balance at 1st January 1993	-	(129)
Debit for the year in profit and loss account.	-	129
	-	-

20. LONG TERM LOAN

<u>Group</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Loan at a rate of interest of 1½% p.a. over base rate from: Ceridian Corporation repayable 11th September 2041	1,014	1,014
Ceridian Corporation repayable 4th November 2041	3,000	3,000
Midland Bank Plc repayable 18th May 1997 secured (see note 15)	4,625	5,000
	<u>8,639</u>	<u>9,014</u>

<u>Company</u>	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Loan at a rate of interest of 1½% p.a. over base rate from: Midland Bank Plc, repayable (see note 15) 18th May 1997	4,625	5,000
	<u>4,625</u>	<u>5,000</u>

COMPUTING DEVICES COMPANY LIMITED
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NOTES ON THE FINANCIAL STATEMENTS
(continued)

21. SHARE CAPITAL

The Share Capital of the Company is organised in one class, Ordinary Shares of 50p each.

	<u>Issued</u> <u>as at</u>			<u>Issued</u> <u>as at</u>		
	<u>Authorised</u>	<u>31.12.93</u>		<u>Authorised</u>	<u>31.12.92</u>	
	Number	Number	£	Number	Number	£
Ordinary Shares	4,000,000	3,823,150	1,911,575	4,000,000	3,823,150	1,911,575

The Company has an approved share option scheme for group employees. The status at 31st December 1993 is:

<u>Number of Ordinary Shares</u> <u>over which options are</u> <u>outstanding</u>	<u>Price Per</u> <u>Ordinary Share</u>	<u>Exercise Dates</u>	
		<u>From</u>	<u>To</u>
1,160	£ 7.40	1990	1995
900	£12.00	1991	1996
1,305	£18.50	1992	1997
1,355	£28.20	1993	1998

COMPUTING DEVICES COMPANY LIMITED
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(continued)

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group

	Share Capital £'000	Profit and Loss Account £'000	Capital Redemption Reserve £'000	Net Assets £'000
At 1st January 1993	1,912	2,874	88	4,874
(Losses) for the financial year.	-	(701)	-	(701)
At 31st December 1993	<u>1,912</u>	<u>2,173</u>	<u>88</u>	<u>4,173</u>

Company

	Share Capital £'000	Profit and Loss Account £'000	Capital Redemption Reserve £'000	Net Assets £'000
At 1st January 1993	1,912	1,059	88	3,059
(Losses) for the financial year.	-	(166)	-	(166)
At 31st December 1993	<u>1,912</u>	<u>893</u>	<u>88</u>	<u>2,893</u>

23. CAPITAL COMMITMENTS

Group

	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
Capital expenditure authorised and contracted	<u>64</u>	<u>24</u>
Capital expenditure authorised but not contracted	<u>3</u>	<u>154</u>

COMPUTING DEVICES COMPANY LIMITED
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24. CONTINGENT LIABILITIES

	As at <u>31.12.93</u> £'000	As at <u>31.12.92</u> £'000
<u>Company</u>		
Group VAT registration	120	120
Guarantee of group company overdraft	<u>4,255</u>	<u>3,979</u>

25. PENSION

The group operates a pension scheme providing benefits based on final pensionable salaries. The assets of the scheme are held separately from those of the Group, being invested with an external fund manager. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of financial valuations using the Attained Age Funding Method. Valuations are prepared every three years, the most recent valuation was at the 1st June 1993. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

It was assumed that the investment returns would be 9% per annum and that salary increases would average 7% per annum. It was further assumed that the amount of pension which would be received on retirement would be the same in each year of retirement, except for that element of pension which relates to the Guaranteed Minimum Pension earned after 6th April 1988 which will increase at 3% per annum or at the rate of increase of the retail price index, whichever is the lower.

The 1st June 1993 actuarial valuation showed that the market value of the Scheme's assets was £4,788,691 and that the actuarial value of those assets represented 105% of the benefits that have accrued to members, after allowing for expected future increases in pensionable salaries. The contributions of the Company and employees will remain at 8.8% and 5% respectively.

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL STATEMENTS(continued)

26. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Ceridian Corporation, which is the ultimate parent company registered in USA.

The largest group in which the results of the Company are consolidated is that headed by Ceridian Corporation, incorporated in USA. The consolidated accounts of this group are available to the public and may be obtained from 8100, 34th Avenue South, Bloomington, MN 55425-1640, USA.

27. Reconciliation of operating profit to net cash inflow from operating activities.

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
Operating profit	74	1,461
Depreciating charges	801	1,120
Profit on sale of fixed assets	(91)	(58)
Increase in stocks	(618)	(2,158)
Increase in debtors	(858)	(1,583)
Increase in creditors	1376	2,720
	<u>684</u>	<u>1,502</u>

28. Analysis of changes in cash and cash equivalents.

	Year ended <u>31.12.93</u> £'000	Year Ended <u>31.12.92</u> £'000
Balance at 1 January 1992	(16)	(7,446)
Net cash inflow	<u>(1,033)</u>	<u>7,430</u>
Balance at 31st December 1992	<u>(1,049)</u>	<u>(16)</u>

29. Analysis of the balances of cash and equivalents as shown in the balance sheet.

	<u>1993</u> <u>£000</u>	<u>1992</u> <u>£000</u>	<u>Change</u> <u>in Year</u> <u>£000</u>
Cash at bank and in hand	-	-	-
Bank overdrafts	<u>(1,049)</u>	<u>(16)</u>	<u>(1,033)</u>

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FOR THE YEAR ENDED 31ST DECEMBER 1993

30. Analysis of changes in financing during the year.

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
SHARE CAPITAL		
Balance at 1st January 1993	1,912	1,980
Shares redeemed during the year	-	(68)
	<u>1,912</u>	<u>1,912</u>
Balance at 31st December 1993	<u>1,912</u>	<u>1,912</u>

	Year ended <u>31.12.93</u> £'000	Year ended <u>31.12.92</u> £'000
LOANS & FINANCE LEASE OBLIGATIONS		
Balance at 1st January 1993	9,239	568
Cash inflow/(outflow) from financing	(582)	8,602
Inception of finance lease contracts	-	69
	<u>8,657</u>	<u>9,239</u>
Balance at 31st December 1993	<u>8,657</u>	<u>9,239</u>