

COMPUTING DEVICES COMPANY LIMITED

AND ITS SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31ST DECEMBER 1994

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 1994.

Business Review and Principal Activities

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.

During the year the Group opened a branch in Australia.

As per note 4 the land and buildings of Computing Devices Eastbourne Limited were sold on the 28th March 1995 for £2,100,000.

Research and Development

The Company policy is to invest significant resources in the design and development of new technologies and products. Recent technological developments have included fundamental research into advanced avionic systems. The significant achievements in these areas have contributed considerably to the award of substantial development contracts enabling the company to translate this initial research into viable products.

Results for the year

The Group's results for the year ended 31st December 1994 were as follows:

	£'000
Loss after taxation	(2,388)
Dividend paid	-
	<hr/>
Retained loss transferred to reserves	(2,388)
	<hr/> <hr/>

The directors do not recommend the payment of a dividend
(1993: NIL)

Directors

The directors who served during the period were:

W. J. Uttley-Moore	(Chairman and Managing Director)
A. C. Turnbull	(Resigned 4.5.95)
J. E. Juntilla	(Appointed 4.5.95)
D. J. Dolan	
R. L. Turner	
D. M. Spiers	(Appointed 28.10.94)

None of the directors who held office had any disclosable interest in the shares and options of the Company.

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.

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 £1.6 million.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG 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

SISEC LIMITED

By.....
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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS,
KPMG,
TO THE MEMBERS OF
COMPUTING DEVICES COMPANY LIMITED

We have audited the financial statements on pages 6 to 26.

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 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

Crawley

4 July

1995

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Turnover	2	19,344	20,766
Cost of sales		(18,234)	(17,715)
Gross profit		1,110	3,051
Administrative expenses		(1,866)	(2,977)
Operating (loss)/profit		(756)	74
Exceptional item	4	(1,314)	-
Other interest receivable & similar income		1	3
Interest payable & similar charges	5	(755)	(807)
Loss on ordinary activities before taxation	6	(2,824)	(730)
Tax on loss on ordinary activities	8	436	29
Loss for the financial year		<u>(2,388)</u>	<u>(701)</u>

Details of movements in reserves are shown in note 21 on page 23.

The notes on pages 9 to 26 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 1994

	Note	As at 31.12.94		As at 31.12.93	
		Group	Company	Group	Company
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	9	4,867	-	6,082	-
Interests in subsidiary undertakings	10	-	1,155	-	1,155
Interest in associated undertaking	11	96	-	96	-
		<u>4,963</u>	<u>1,155</u>	<u>6,178</u>	<u>1,155</u>
Current Assets					
Stock and work in progress	12	1,272	-	1,925	-
Debtors	13	13,099	4,835	12,697	4,677
Cash at bank and in hand		1,049	2,397	-	3,206
		<u>15,420</u>	<u>7,232</u>	<u>14,622</u>	<u>7,883</u>
Current Liabilities					
Creditors - amounts falling due within one year	14	(8,413)	(31)	(6,666)	(20)
Net Current Assets		<u>7,007</u>	<u>7,201</u>	<u>7,956</u>	<u>7,863</u>
Total Assets less Current Liabilities		<u>11,970</u>	<u>8,356</u>	<u>14,134</u>	<u>9,018</u>
Creditors - amounts falling due after more than one year	15	-	(1,500)	-	(1,500)
Provisions for liabilities and charges	17	(2,046)	-	(1,322)	-
Long term loans	19	(8,139)	(4,125)	(8,639)	(4,625)
Net Assets		<u>1,785</u>	<u>2,731</u>	<u>4,173</u>	<u>2,893</u>
Capital and Reserves					
Called-up share capital	20	1,912	1,912	1,912	1,912
Capital redemption reserve	21	88	88	88	88
Profit and loss account	21	(215)	731	2,173	893
		<u>1,785</u>	<u>2,731</u>	<u>4,173</u>	<u>2,893</u>

.....)
 W. J. JEFFERY-MOORE)
)
 J. E. JUNTILLA)
)

The Accounts were approved
 by the Board of Directors
 on 4th July 1995

The notes on pages 9 to 26 form an integral part of these financial statements.

COMPUTING DEVICES COMPANY LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 26)	3,962	684
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received	1	3
Interest paid	(755)	(780)
Interest element of finance lease rental payments	(2)	(27)
	<u>(756)</u>	<u>(804)</u>
TAXATION		
Refund of corporation tax	103	104
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(709)	(622)
Receipt from sale of fixed assets	16	187
	<u>(693)</u>	<u>(435)</u>
Net cash inflow/(outflow) before financing	<u>2,616</u>	<u>(451)</u>
FINANCING		
Long term loans repaid	500	375
Capital element of finance lease rental payments	18	207
Net cash outflow from financing	<u>518</u>	<u>582</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (Note 27)	<u>2,098</u>	<u>(1,033)</u>
	<u>2,616</u>	<u>(451)</u>

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

1. ACCOUNTING POLICIES

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

(i) 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.

(ii) Investments

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

(iii) 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.

(iv) 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)

(v) Short Term Contracts

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

(vi) Deferred Taxation

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

(vii) Stock and work in progress

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

(viii) 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.

(ix) Warranties

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

(x) Research and Development

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

(xi) 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.

COMPUTING DEVICES COMPANY LIMITED

AND ITS SUBSIDIARY UNDERTAKINGS

NOTES ON THE FINANCIAL STATEMENTS (CONT)

(xii) 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>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
United Kingdom	13,882	15,805
Europe	4,191	3,815
North America	578	1,091
Far East	-	55
Australia	693	-
	<u>19,344</u>	<u>20,766</u>

3. STAFF NUMBERS AND COSTS

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

	<u>Number of Staff</u>	
	<u>1994</u>	<u>1993</u>
Administration	78	109
Production	300	322
	<u> </u>	<u> </u>

The aggregate payroll costs of these employees were as follows :

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Wages and salaries	7,315	8,525
Social security costs	626	686
Pension contributions	331	352
	<u> </u>	<u> </u>

Wages and salaries include redundancy costs of £25,000 (1993:£381,000).

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

4. EXCEPTIONAL ITEM

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Diminution in land and building	1,314	-

On 28th March 1995 the land and buildings of Computing Devices Eastbourne were sold for £2,100,000. Accordingly the value of land and buildings have been written down to their recoverable amount, subject to the depreciation charged to date of disposal.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Bank loans and overdrafts and other loans wholly repayable within five years	383	412
Interest on loans from parent undertaking	370	366
Finance charges payable under finance leases	2	27
Interest on overdue tax	-	1
Interest on late invoice payment	-	1
	<u>755</u>	<u>807</u>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

Loss before taxation is stated after charging the following:

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Research & development	42	300
Equipment rental	17	2
Depreciation of owned fixed assets	588	638
Depreciation of assets held under finance leases	19	163
Exceptional Item - Diminution of land and building	1,314	-
Auditors' remuneration for audit services	48	51
for other services	36	85
	<u></u>	<u></u>

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

7. DIRECTORS EMOLUMENTS

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Directors' emoluments		
As Directors	162	145

Excluding pension contributions, the emoluments of the chairman, who was also the highest paid director, were £94,103 (1993 : £79,804).

The directors' emoluments were within the following ranges:

	Number of Directors	
	<u>1994</u>	<u>1993</u>
£ 0 - £ 5,000	2	4
£ 5,001 - £10,000	1	-
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£75,001 - £80,000	-	1
£90,001 - £95,000	1	-
	<u>5</u>	<u>6</u>

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
The charge to taxation comprises:		
Corporation tax on profits for year at 33.0% (1993: 33.0%)	-	-
Adjustment for prior years	(194)	(20)
	<u>(194)</u>	<u>(20)</u>
Deferred tax charge/(release) (note 18)	(242)	(9)
	<u>(436)</u>	<u>(29)</u>

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

9. TANGIBLE ASSETS

<u>Group</u>	<u>Freehold</u>	<u>Long</u>	<u>Short</u>	<u>Plant</u>	
	<u>Land and</u>	<u>Leasehold</u>	<u>Leasehold</u>	<u>Machinery</u>	
	<u>Building</u>	<u>Land and</u>	<u>Land and</u>	<u>and Motor</u>	
	<u>Buildings</u>	<u>Buildings</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Totals</u>
	£'000	£'000	£'000	£'000	£'000
Cost :					
As at 1st January 1994	3,803	2,232	23	7,471	13,529
Additions	-	-	-	709	709
Disposals	-	-	-	(114)	(114)
Diminution in Value	(1,658)	-	-	-	(1,658)
At 31st December 1994	<u>2,145</u>	<u>2,232</u>	<u>23</u>	<u>8,066</u>	<u>12,466</u>
Depreciation :					
As at 1st January 1994	286	551	6	6,604	7,447
Charged in year	58	47	2	500	607
Depreciation on					
Disposals	-	-	-	(111)	(111)
Diminution in Value	(344)	-	-	-	(344)
At 31st December 1994	<u>-</u>	<u>598</u>	<u>8</u>	<u>6,993</u>	<u>7,599</u>
Net Book Value :					
At 31st December 1994	<u>2,145</u>	<u>1,634</u>	<u>15</u>	<u>1,073</u>	<u>4,867</u>
At 31st December 1993	<u>3,517</u>	<u>1,681</u>	<u>17</u>	<u>867</u>	<u>6,082</u>

The net book value of plant and machinery and motor vehicles above of £1,073,000 (1993: £867,000) includes a net book value of £5,000 (1993: £31,000) together with an associated depreciation charge of £19,000 (1993: £163,000) in respect of assets held under finance leases. Land with a book value of £688,000 (1993: £890,000) has not been depreciated.

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

10. INTEREST IN SUBSIDIARY UNDERTAKINGS

<u>Company</u>	<u>Shares</u> £'000	<u>Loans</u> £'000	<u>Total</u> £'000
At 1st January 1994 and 31st December 1994	955	200	1,155

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.

11. INTEREST IN ASSOCIATED UNDERTAKING

	£'000
As at 1st January 1994 and 31st December 1994	96

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 1994, the company reported a profit after tax of £5,095 and had shareholders' funds of £109,795.

COMPUTING DEVICES COMPANY LIMITED

AND ITS SUBSIDIARY UNDERTAKINGS

NOTES ON THE FINANCIAL STATEMENTS (continued)

12. STOCK AND WORK IN PROGRESS

	As at	As at
<u>Group</u>	<u>31.12.94</u>	<u>31.12.93</u>
	£'000	£'000
Raw materials and consumables	689	663
Contract work in progress	583	1,262
	<u>1,272</u>	<u>1,925</u>

Contract work in progress represents net cost less foreseeable losses. Payments on account not matched with turnover are disclosed under creditors.

13. DEBTORS

	As at	As at
<u>Group</u>	<u>31.12.94</u>	<u>31.12.93</u>
	£'000	£'000
Amount recoverable on contracts	7,999	7,389
Trade debtors	4,650	5,008
Other debtors	76	55
Prepayments	88	138
Corporation tax receivable	286	107
	<u>13,099</u>	<u>12,697</u>

	As at	As at
<u>Company</u>	<u>31.12.94</u>	<u>31.12.93</u>
	£'000	£'000
Amount owed by subsidiary undertaking	4,835	4,625
Advanced corporation tax receivable	-	25
Corporation tax receivable	-	27
	<u>4,835</u>	<u>4,677</u>

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

14. CREDITORS : Amounts falling due within one year

<u>Group</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Bank overdraft	-	1,049
Payments on account on long term contracts	4,135	1,972
Trade creditors	915	991
Obligations under finance leases (Note 16)	-	17
Amounts owed to parent undertaking	2,246	1,120
Other creditors including taxation and social security	836	709
Accruals	281	808
	<u>8,413</u>	<u>6,666</u>

The bank overdraft and loans recorded in note 19 are 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 :

<u>Group</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Social security	95	86
Other taxes	741	619
	<u>836</u>	<u>705</u>
Taxation and social security	836	705
Other creditors	-	4
	<u>836</u>	<u>709</u>

<u>Company</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Accruals	<u>31</u>	<u>20</u>

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

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

<u>Company</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Amount due to subsidiary undertaking	<u>1,500</u>	<u>1,500</u>

16. OBLIGATIONS UNDER FINANCE LEASES

Group

Maturity of these amounts is as follows:

	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Amounts payable		
Within one year	-	19
In the second to fifth years inclusive	-	-
	<u>-</u>	<u>19</u>
Less: Finance charges allocated to future periods	-	(2)
	<u>-</u>	<u>17</u>

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

17. PROVISION FOR LIABILITIES AND CHARGES

<u>Group</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Warranty	29	38
Provision for future losses on long term contracts	1,712	758
Deferred taxation (note 18)	305	459
Other provisions	-	67
	<u>2,046</u>	<u>1,322</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.

18. DEFERRED TAXATION

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

<u>Group</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Excess of tax allowances over depreciation	692	973
Other timing differences	(387)	(426)
	<u>305</u>	<u>547</u>
Advance corporation tax	-	(88)
	<u>305</u>	<u>459</u>
Balance at 1st January 1994	547	556
Charge for the year in the profit & loss account	(242)	(9)
Balance at 31st December 1994	<u>305</u>	<u>547</u>

The availability of group relief has been considered in calculating the net group deferred tax liability.

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

19. LONG TERM LOANS

<u>Group</u>	As at <u>31.12.94</u> £'000	As at <u>31.12.93</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 14)	4,125	4,625
	<u>8,139</u>	<u>8,639</u>
 <u>Company</u>	 As at <u>31.12.94</u> £'000	 As at <u>31.12.93</u> £'000
Loan at a rate of interest of 1½%p.a. over base rate from: Midland Bank Plc, repayable (see note 14) 18th May 1997	4,125	4,625

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

20. SHARE CAPITAL

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

	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Authorised	4,000 <u> </u>	4,000 <u> </u>
Allotted, called up and fully paid	1,912 <u> </u>	1,912 <u> </u>

The Company has an approved share option scheme for group employees. The status at 31st December 1994 is:

Number of Ordinary Shares over which options are outstanding	Price Per Ordinary Share	Exercise Dates	
		From	To
910	£ 7.40	1990	1995
800	£12.00	1991	1996
1,205	£18.50	1992	1997
1,305	£28.20	1993	1998

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

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group

	Share Capital £'000	Capital Redemption Reserve £'000	Profit and Loss Account £'000
At 1st January 1994	1,912	88	2,173
Loss for the financial year	-	-	(2,388)
At 31st December 1994	<u>1,912</u>	<u>88</u>	<u>(215)</u>

Company

	Share Capital £'000	Capital Redemption Reserve £'000	Profit and Loss Account £'000
At 1st January 1994	1,912	88	893
Loss for the financial year	-	-	(162)
At 31st December 1994	<u>1,912</u>	<u>88</u>	<u>731</u>

22. CAPITAL COMMITMENTS

Group

	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
Capital expenditure authorised and contracted	<u>44</u>	<u>64</u>
Capital expenditure authorised but not contracted	<u>15</u>	<u>3</u>

Company

There were no capital commitments for the company.

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

23. CONTINGENT LIABILITIES

	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000
<u>Company</u>		
Group VAT registration	120	120
Guarantee of group company overdraft	3,833	4,255
Performance guarantees	530	30
Carnets	46	90
	<u> </u>	<u> </u>

24. 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)

25. 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.

The smallest higher group in which the results of the Company are consolidated is that headed by Computing Devices International, 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.

26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
Operating (loss)/profit	(2,170)	74
Depreciating charges	607	801
Profit on sale of fixed assets	(13)	(91)
Diminution of land & buildings	1,314	-
Decrease/(increase) in stocks	653	(618)
Increase in debtors	(402)	(858)
Increase in creditors	3,973	1,376
	<u>3,962</u>	<u>684</u>

27. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	Year ended <u>31.12.94</u> £'000	Year Ended <u>31.12.93</u> £'000
Balance at 1 January 1994	(1,049)	(16)
Net cash inflow/(outflow)	2,098	(1,033)
Balance at 31st December 1994	<u>1,049</u>	<u>(1,049)</u>

COMPUTING DEVICES COMPANY LIMITEDAND ITS SUBSIDIARY UNDERTAKINGSNOTES ON THE FINANCIAL ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER 199428. ANALYSIS OF THE BALANCES OF CASH AND EQUIVALENTS AS SHOWN IN THE
BALANCE SHEET

	As at <u>31.12.94</u> £'000	As at <u>31.12.93</u> £'000	<u>Change</u> <u>in Year</u> £'000
Cash at bank and in hand	1,049	-	1,049
Bank overdrafts	-	(1,049)	1,049
	<u> </u>	<u> </u>	<u> </u>

29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
SHARE CAPITAL		
Balance at 1st January 1994		
and 31st December 1994	<u>1,912</u>	<u>1,912</u>

	Year ended <u>31.12.94</u> £'000	Year ended <u>31.12.93</u> £'000
LOANS & FINANCE LEASE OBLIGATIONS		
Balance at 1st January 1994	8,657	9,239
Cash outflow from financing	(518)	(582)
	<u> </u>	<u> </u>
Balance at 31st December 1994	<u>8,139</u>	<u>8,657</u>