

ATOS LIMITED

Report and Financial Statements

Year ended 31 December 2001

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



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr P B Bingham
Mr J B Campbell
Mr S W Smith

SECRETARY

David Cole

REGISTERED OFFICE

Whyteleafe Business Village
Whyteleafe Hill, Whyteleafe,
Surrey CR3 0AT

BANKERS

Barclays Bank PLC
Watford Business Centre
32 Clarendon Road
Watford
Herts WD1 1LD

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 for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company included one major IT outsource contract, now terminated, and the servicing of transaction processing contracts on behalf of the parent company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

During the year, the remaining ongoing activities of Atos Ltd were transferred to Atos Origin UK Ltd. Actions are now in hand to realise all remaining assets and liabilities prior to the company being liquidated.

RESULTS AND DIVIDENDS

The results for the year include the final revenues from a terminated contract and inter group revenues relating to transaction processing contracts that have now been transferred to Atos Origin UK Ltd. The final dividend paid in the year is £1.644m (2000: £nil).

DIRECTORS AND THEIR INTERESTS

The Directors who held office throughout the year are shown on page 1. None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



4th Aug. 2002

DIRECTORS' REPORT

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATOS LIMITED

We have audited the financial statements of Atos Ltd for the year ended 31 December 2001, which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company and other members of the group is not disclosed.

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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 as at 31 December 2001 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and
Registered Auditors

4 July 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2001

	Note	Year ended 31 December 2001 £'000	15 months ended 31 December 2000 £'000
TURNOVER	2		
Continuing operations		-	1,436
Discontinued operations		3,794	22,958
		<hr/> 3,794	<hr/> 24,394
Other operating income;			
Exchange gains		-	183
Raw materials and consumables		(977)	(3,752)
Other external charges		(1,731)	(11,997)
Staff costs	3	(1,008)	(8,124)
Depreciation and other amounts written off tangible and intangible fixed assets		(60)	(1,474)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)	4	18	(770)
Profit on sale and termination of discontinued operations	19	-	3,578
Interest receivable		8	1
Interest payable and similar charges	5	(10)	(322)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16	2,487
Tax on profit on ordinary activities	6	46	(620)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		62	1,867
Dividend paid	7	(1,644)	-
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR/PERIOD		(1,582)	1,867
		<hr/>	<hr/>

There are no recognised gains or losses in either the current or the previous financial periods, other than the profit for the financial year and therefore no statement of total recognised gains and losses is required. All transactions are derived from discontinued operations.

BALANCE SHEET
31 December 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	8	-	90
CURRENT ASSETS			
Debtors	9	3,158	5,093
Cash at bank and in hand		-	2,670
		3,158	7,763
CREDITORS: amounts falling due within one year	10	(3,012)	(3,166)
NET CURRENT ASSETS		146	4,597
TOTAL ASSETS LESS CURRENT LIABILITIES		146	4,687
CREDITORS: amounts falling due after more than one year	11	-	(2,513)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(46)	(492)
		100	1,682
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Capital reserve	15	-	89
Profit and loss account		-	1,493
EQUITY SHAREHOLDERS' FUNDS	15	100	1,682

These financial statements were approved by the Board of Directors on 4th July 2002.

Signed on behalf of the Board of Directors



Mr J B Campbell

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The Company intends to go into voluntary liquidation in the near future. The accounts have been prepared on the going concern basis as the assets and liabilities in the balance sheet are all realisable in less than one year.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. Computer software purchased for use on internal systems is capitalised as tangible computer equipment. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Computer equipment	Over 3 - 5 years
Fixtures and fittings	25% per annum

Long-term contracts

Long-term contract work-in-progress is stated at cost plus estimated profits attributable to the state of completion where the outcome can be assessed with reasonable certainty, less provision for any known or anticipated losses and progress payments receivable on account.

Advance payments and deposits are included in creditors.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

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 estimated useful life or the term of the lease, whichever is shorter. Future instalments 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.

Pensions and other post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE ACCOUNTS Year ended 31 December 2001

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax result, all of which arises in the United Kingdom, are attributable to one activity, the provision of IT outsourcing services.

	Year ended 31 December 2001 £'000	15 months ended 31 December 2000 £'000
With third parties	2,639	22,958
Within the group	1,155	1,436
	<u>3,794</u>	<u>24,394</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the Directors received emoluments for their services to the Company during the period (2000 - £nil).

	Year ended 31 December 2001 No.	15 months ended 31 December 2000 No.
Average number of persons employed		
Provision of services	31	181
Administration	-	12
	<u>31</u>	<u>193</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	863	7,095
Social security costs	107	750
Pension costs	38	279
	<u>1,008</u>	<u>8,124</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

4. OPERATING PROFIT/(LOSS)

	Year ended 31 December 2001 £'000	15 months ended 31 December 2000 £'000
Operating profit/(loss) is stated after charging:		
Depreciation and amortisation		
Owned assets	26	1,268
Leased assets	34	206
Profit on sale of fixed assets (other than exceptional items)	-	3
Rentals under operating leases		
Short leasehold property	190	741
Motor vehicles	40	242
Auditors' remuneration	-	12
	<hr/>	<hr/>

The auditors' remuneration has been borne by the parent company.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2001 £'000	15 months ended 31 December 2000 £'000
Group loans repayable within five years	2	129
Bank loans and overdrafts	8	142
Finance leases	-	51
	<hr/>	<hr/>
	10	322
	<hr/>	<hr/>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2001 £'000	15 months ended 31 December 2000 £'000
United Kingdom tax (credit)/charge for the period at 30%	(46)	620
	<hr/>	<hr/>

The tax credit arises due to over provisioning in respect of prior years.

7. DIVIDENDS

Dividends of £16.44 (£ nil – 2000) per share were paid during the year.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

8. TANGIBLE FIXED ASSETS

	Short-term leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2001	309	657	388	1,354
Additions in the year	-	-	-	-
Disposals	(309)	(657)	(388)	(1,354)
At 31 December 2001	-	-	-	-
Accumulated depreciation				
At 1 January 2001	303	592	369	1,264
Charge for the year	6	35	19	60
Eliminated on disposal	(309)	(627)	(388)	(1,324)
At 31 December 2001	-	-	-	-
Net book value				
At 31 December 2001	-	-	-	-
At 31 December 2000	6	65	19	90

The net book value of assets held under finance leases at the year end was £nil (2000: £28,000).

9. DEBTORS

	2001 £'000	2000 £'000
Trade debtors	-	2,608
Amounts owed by group undertakings	3,158	369
Other debtors	-	31
Corporation tax recoverable	-	14
Prepayments and accrued income	-	2,071
	<u>3,158</u>	<u>5,093</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Obligations under finance leases (note 16)	-	136
Trade creditors	-	501
Amounts owed to group undertakings	2,438	53
Other taxes and social security	-	960
Corporation tax	574	620
Accruals and deferred income	-	896
	<u>3,012</u>	<u>3,166</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £'000	2000 £'000
Repayable within two to five years:		
Obligations under finance leases (note 16)	-	392
Parent company loan	-	2,121
	<u>-</u>	<u>2,513</u>

12. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	31 December 2001	
	Land and buildings £'000	Other £'000
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	194	-
Over five years	-	-
	<u>194</u>	<u>-</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Restructuring costs	
At 1 January 2001	492
Charged in the period	(446)
	<u>46</u>
At 31 December 2001	<u>46</u>

14. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
100,000 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
100,000 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

15. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Called up share capital £'000	Profit and loss account £'000	Capital reserve £'000	2001 Total £'000	2000 Total £'000
At 1 January	100	1,493	89	1,682	(185)
(Loss)/profit for the year/period	-	(1,582)	-	(1,582)	1,867
Transfer of realised profit from capital reserve	-	89	(89)	-	-
At 31 December	100	-	-	100	1,682

16. OBLIGATIONS UNDER FINANCE LEASES

	Year ended 2001 £'000	15 months ended 2000 £'000
Minimum lease payments due:		
Within one year	-	136
In one to two years	-	136
In two to five years	-	256
Net creditor	-	528
Due within one year	-	136
Due after more than one year	-	392
	-	528

17. ULTIMATE PARENT AND CONTROLLING ENTITY

As at 31 December 2001, the immediate and ultimate parent company and controlling entity was Atos Origin S.A., which is incorporated in France. This is the largest group of which the Company is a member and is the company for which group accounts are prepared. Copies of these financial statements are available from its head office, which is situated at:

Immeuble Ile-de-France
3 Place de la Pyramide
92067 Paris La Defense
Cedex,
France.

The smallest group in which the results of the company are consolidated is that headed by Origin BV, which is incorporated in The Netherlands. The consolidated accounts of this group are available to the public and may be obtained from Origin BV, Deccaweg 26, 1042 AD Amsterdam, The Netherlands.

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under Financial Reporting Standard 8 from disclosing transactions with entities that are part of the Atos Origin SA group of companies.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**19. EXCEPTIONAL ITEMS**

	Year ended 2001 £'000	15 months ended 2000 £'000
Termination of CRS contract	-	792
Profit on sale and assignment of contracts from other discontinued operations	-	2,786
	<u>-</u>	<u>3,578</u>

20. CONTINGENT LIABILITIES

The Company has occupied a leasehold property in Rochdale, United Kingdom. Costs associated with tenant's works were in dispute with the landlord at the balance sheet date and was the subject of litigation. Atos Origin UK Ltd made a provision of £200,000 against the litigation costs at 31 December 2001 and these costs were settled post year end for the same amount.