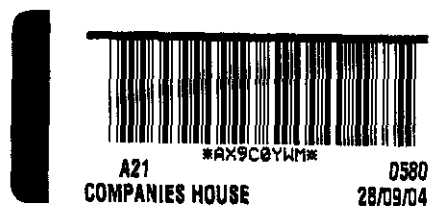


Xansa UK Limited

Report and Accounts

For the year ended 30 April 2004



Registered Office:
420 Thames Valley Park Drive
Thames Valley Park
Reading
RG6 1PU
Registered in England no. 4077975

Xansa UK Limited

Report of the Directors

The Directors are pleased to present their report and accounts for the year ended 30 April 2004.

Activities and Review of the Business

The principal activities of the Company are the provision of computing and consultancy services.

During the year the Company's shareholders approved the transfer of £17,113,000 from share premium to profit and loss account, in order to eliminate the deficit on the profit and loss account. The share premium reduction was duly confirmed by the High Court and was effective from 23 April 2004.

Results and Dividends

The loss after taxation for the year was £4,694,000 (2003 profit: £12,728,000). No dividend was paid during the period (2003: £4,900,000).

Directors

The Directors of the Company during the period were as follows:

L K Barrat
P M Cook - resigned 6 July 2004
A R Cox
P R Gill - appointed 22 March 2004
M J Harling
S R Weston
A L Wood - resigned 29 February 2004

None of the Directors had an interest in the shares of the Company.

L K Barrat, A R Cox, P R Gill and S R Weston are directors of the ultimate parent company, Xansa plc and A L Wood was a director of the ultimate parent company and their interests in the shares of that Company and details of their interests under the Xansa plc share schemes are disclosed in that Company's accounts.

The number of shares in the ultimate parent undertaking in which the other Directors at the year end, had an interest, as defined by the Companies Act 1985, were as follows:

Ordinary shares of 5p each	30 April 2004	30 April 2003
P M Cook	9,998	16,942
M J Harling	110,602	107,454

Share option schemes

	Option price (pence)	Date from when exercisable	Expiry Date	As at 1 May 2003	Granted during the year	Lapsed during the year	Exercised during the year	As at 30 April 2004
P M Cook	331.50 *	10 Jan 2004	10 Jan 2008	36,199	-	36,199	-	-
	331.50 *	11 Jan 2004	11 Jan 2011	9,049	-	9,049	-	-
	291.80 *	9 Nov 2004	8 Nov 2008	50,000	-	-	-	50,000
	239.00 **	1 Feb 2005	31 Jul 2005	1,987	-	-	-	1,987
	103.60 *	04 Jul 2005	03 Jul 2009	50,000	-	-	-	50,000
	54.50 **	01 Mar 2006	31 Aug 2006	1,387	-	-	-	1,387
	96.30 *	23 Jul 2006	22 Jul 2010	-	30,000	-	-	30,000
	120.00 *	05 Dec 2006	05 Dec 2013	-	22,623	-	-	22,623
	102.60 **	01 Feb 2007	31 Jul 2007	-	3,596	-	-	3,596
M J Harling	63.77 *	29 Aug 1996	29 Aug 2003	16,926	-	-	16,926	-
	352.50 *	17 Feb 2002	17 Feb 2006	6,448	-	-	-	6,448
	352.50 *	18 Feb 2002	18 Feb 2009	8,510	-	-	-	8,510
	440.00 *	28 Jun 2003	28 Jun 2007	2,840	-	-	-	2,840
	440.00 *	28 Jun 2003	28 Jun 2007	28,409	-	-	-	28,409
	356.00 **	01 Feb 2003	31 Jul 2003	544	-	544	-	-
	397.50 *	15 Feb 2004	15 Feb 2008	8,868	-	-	-	8,868
	378.00 **	01 Feb 2004	31 Jul 2004	1,025	-	-	-	1,025
	291.80 *	09 Nov 2004	08 Nov 2008	25,000	-	-	-	25,000
	239.00 **	01 Feb 2005	31 Jul 2005	1,589	-	-	-	1,589
	103.60 *	04 Jul 2005	03 Jul 2009	50,000	-	-	-	50,000

* Granted under the Xansa 1996 Share Option Scheme

** Granted under the Xansa ShareSave Scheme

Events since the balance sheet date

There have been no significant events since the balance sheet date.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is Company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through the use of the intranet and the Xpression magazine. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the business through the Group's All Employee Share Ownership Plan (AESOP) and are encouraged to invest in the Group through participation in share option schemes.

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 April 2004, the Company had an average of 18 days (2003: 14 days) purchases outstanding in trade creditors.

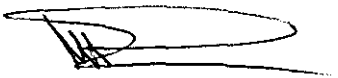
Political and charitable contributions

The Company did not make any political or charitable contributions during the year (2003 £nil).

Auditors

Ernst and Young LLP will be reappointed as the Company's auditors in accordance with the elective resolution passed by the Company under Section 386 of the Companies Act 1985.

By Order of the Board,



M D PETERS
Company Secretary.

23 September 2004

Xansa UK Limited

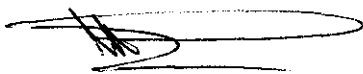
Statement of Directors' Responsibilities in respect of the Accounts

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 profit or loss for that period. In preparing those financial statements, the Directors are required to:

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

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

By Order of the Board



M D PETERS
Company Secretary

23 September 2014

INDEPENDENT AUDITORS' REPORT

to the members of Xansa UK Limited

We have audited the company's accounts for the year ended 30 April 2004, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 accounts in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, 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 is not disclosed.

We read the Directors' Report and consider the implications our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

23 September 2004

Xansa UK Limited

Profit and Loss Account for the year ended 30 April 2004

	Note	12 months ended 30 April 2004 £'000	12 months ended 30 April 2003 £'000
Turnover	2	315,546	283,145
Operating costs		(309,387)	(279,998)
Exceptional items	4	(20,826)	(21,783)
Operating (loss) profit	3	(14,667)	(18,636)
Dividends received from subsidiaries		3,748	-
Net interest receivable	5	1,948	223
(Loss) profit on ordinary activities before taxation		(8,971)	(18,413)
Tax on (loss) profit on ordinary activities	7	4,277	5,685
(Loss) profit after taxation		(4,694)	(12,728)
Dividends		-	(4,900)
Retained (loss) profit	17	(4,694)	(17,628)

There are no recognised gains or losses other than the loss after taxation.

Xansa UK Limited

Balance Sheet as at 30 April 2004

	Note	30 April 2004 £'000	30 April 2003 £'000
Fixed assets			
Tangible assets	8	7,540	10,304
Investments	9	40,000	-
		<u>47,540</u>	<u>10,304</u>
Current assets			
Debtors	10	73,265	117,620
Cash at bank and in hand		2,987	3,449
		<u>76,252</u>	<u>121,069</u>
Creditors due within one year	11	<u>(108,007)</u>	<u>(109,550)</u>
Net current assets (liabilities)		(31,755)	11,519
Total assets less current liabilities		15,785	21,823
Creditors amounts falling due after more than one year	12	-	(263)
Provisions for liabilities and charges	13	<u>(7,199)</u>	<u>(8,280)</u>
Net Assets		8,586	13,280
Capital and reserves			
Called up share capital	16	1	1
Share Premium		7,886	24,999
Profit and loss account		699	(11,720)
Equity Shareholders' Funds	17	8,586	13,280

Approved by the Board on 23 September 2004



Director

Xansa UK Limited

Notes to the accounts for the year ended 30 April 2004

1 ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

The Company is exempt from preparing group accounts under s228 of the Companies Act 1985, as its immediate parent and ultimate parent are companies within member states of the European Economic Area (EEA).

Turnover

Turnover represents invoiced amounts for goods and services rendered, net of value added tax.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Leasehold improvements	- over the period of the lease
Fixtures and Fittings	- 25% - 33%
Motor Vehicles	- 25%

The carrying values of tangible fixed assets are reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recovered.

Cash Flow Statement

Under the provisions of FRS1, the Company is not required to include a cash flow statement in these accounts. A consolidated cash flow statement is prepared by Xansa plc, and includes the results of this company.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based upon tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Pension costs

The Company participates in a group defined benefit pension scheme, with both a contributory and non-contributory element, for the benefit of its employees. The Company is the principal employer for this scheme.

In accordance with the flexible benefits programme, 5% of members' salaries is allocated to individual flex funds to meet their pension obligations. For members who qualify for enhanced benefits under the senior executive arrangements the allocation is 10%. Contributions to this scheme are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives.

The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged in the profit and loss are treated as either provisions or prepayments in the balance sheet.

In addition the Company makes contributions to money purchase pension schemes for those employees who wish to participate. Contributions are paid to the scheme so as to secure the benefits set out in the rules. Contributions are charged to the profit and loss account in the period in which they are due.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Investment in subsidiary

Investments in subsidiary undertakings are stated at cost less provisions for any permanent diminution in value.

Contracts in progress

Profits on time and materials contracts are recognised in line with the effort expended. Profits on fixed price contracts are taken in proportion to the cost of work performed on each contract relative to the estimated total costs of completing the contract. Provision is made for the whole of any anticipated losses as soon as they are identified.

Pre-contract costs

Directly attributable pre-contract costs are carried forward, to be amortised over the life of the contract, only when it is virtually certain that the contract will be obtained.

Research and development expenditure

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Finance and operating leases

Assets held under finance leases are capitalised and depreciated in line with accounting policy. The outstanding capital element of the related obligations is included in creditors. The interest is charged to the profit and loss account over the term of the lease. Rentals in respect of operating lease arrangements are charged to the profit and loss account as incurred.

2 TURNOVER

The Directors consider that the Company operates in one continuing class of business, namely that of computer software and related support services.

	Year ended 30 April 2004 £'000	Year ended 30 April 2003 £'000
Turnover by geographical destination is:		
United Kingdom	314,705	280,995
United States of America	324	269
Other Europe	380	1,630
Asia Pacific	137	251
	<u>315,546</u>	<u>283,145</u>

3 OPERATING PROFIT

	Year ended 30 April 2004 £'000	Year ended 30 April 2003 £'000
This is stated after charging (crediting):		
Auditors' remuneration - audit fees	170	177
Auditors' remuneration - non-audit fees	327	789
Development expenditure	-	535
Depreciation - owned assets	4,570	6,959
Depreciation - leased assets	198	198
Loss (profit) on disposal of fixed assets	(140)	1,491
Operating lease rentals - rents on properties	6,448	9,619
Operating lease rentals - other operating leases	4,414	4,821
Rent received	<u>(1,782)</u>	<u>(1,390)</u>

4 EXCEPTIONAL ITEMS

	2004 Exceptional items before tax £'000	2004 Tax on exceptional items £'000	2004 Total £'000
Contract settlement	13,490	(4,047)	9,443
Reorganisation costs	7,336	(1,501)	5,835
	<u>20,826</u>	<u>(5,548)</u>	<u>15,278</u>

The reorganisation costs of £7,336,000 comprise £1,822,000 in respect of redundancies, £1,553,000 provision for vacant properties, £2,376,000 provision against amounts due from fellow subsidiaries, and £1,585,000 other costs.

Xansa reached a negotiated settlement with a former client concerning the supply of project services that completed in 2002. The amount of the settlement, £12.5 million, is significantly less than the overall project value and was split, half paid in November 2003 with the remainder settled after the year end in May 2004. The balance of the charge is associated professional fees. Discussions continue about insurance recovery.

	2003 Exceptional items before £'000	2003 Tax on exceptional £'000	2003 Total £'000
Reorganisation costs	21,783	(5,671)	16,112

The reorganisation costs of £21,783,000 comprise £12,048,000 in respect of redundancies, £8,833,000 provision for vacant properties and £902,000 accelerated depreciation.

5 INTEREST RECEIVABLE

	Year ended 30 April 2004 £'000	Year ended 30 April 2003 £'000
Finance charges payable under finance leases and hire purchase contracts	20	29
Foreign exchange losses (gains)	33	(17)
Interest paid (received) on intercompany loans	(1,979)	(236)
Other	(22)	1
	<u>(1,948)</u>	<u>(223)</u>

6 DIRECTORS AND OTHER EMPLOYEES

	Year ended 30 April 2004 £'000	Year ended 30 April 2003 £'000
Staff costs		
Wages and salaries	117,062	126,281
Social security costs	11,466	11,049
Other pension costs	18,675	15,974
	147,203	153,304

	2004 No.	2003 No.
Average employee numbers	2,846	2,823

The employee numbers relate to the actual number of people employed excluding subcontractors.

	Year ended 30 April 2004 £'000	Year ended 30 April 2003 £'000
The emoluments of the Directors were as follows:		
Salaries and bonuses	140	293
Benefits in kind	18	31
Compensation for loss of office	-	305
	158	629
<i>Company defined benefit pension scheme contributions</i>	13	12
Company money purchase pension scheme contributions	-	-
Members of defined benefit pension schemes	1	1
Members of money purchase pension schemes	-	-

The emoluments of the highest paid Director amount to £158,000 (2003: £470,000), and the pension contributions of the highest paid Director were £13,000 (2003: £nil).

L K Barrat, A R Cox, S R Weston and P R Gill are Directors of the ultimate parent company, and A L Wood was a director of the ultimate parent company Xansa plc. Details of their emoluments and pension entitlements are disclosed in that Company's accounts.

P M Cook does not receive emoluments from any Xansa Group Company in respect of his services as a Director of the Company.

7 TAXATION

	Year ended 30 April 2004 £'000	Year ended 30 April 2003 £'000
The charge (credit) comprises:		
UK Corporation tax - current year	(2,688)	(3,237)
Adjustments in respect of prior year	1,203	(284)
Total current tax	(1,485)	(3,521)
Deferred tax	(2,792)	(2,164)
Tax on profit on ordinary activities	(4,277)	(5,685)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

(Loss) profit on ordinary activities before tax	(8,971)	(18,413)
Tax on (loss) profit at standard UK corporation tax rate of 30% (2003: 30%)	(2,691)	(5,524)
Effects of:		
Expenses not deductible for tax purposes	649	1,423
Non taxable inter-company dividends receivable	(1,124)	
Tax relief on shares transferred to AESOP	(315)	(585)
Utilisation of tax losses	-	-
Unutilised tax losses	690	658
Depreciation in excess of capital allowances	103	791
Adjustments to tax charge in respect of previous periods	1,203	(284)
Total current tax charge (credit) for the period	(1,485)	(3,521)

8 TANGIBLE FIXED ASSETS

	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 May 2003	9,443	20,810	53	30,306
Additions	-	2,242	-	2,242
Transfer between classifications	189	(189)	-	-
Disposals	(849)	(1,323)	(15)	(2,187)
At 30 April 2004	8,783	21,540	38	30,361
Depreciation				
At 1 May 2003	7,032	12,917	53	20,002
Provision for the period	1,159	3,609	-	4,768
Disposals	(821)	(1,113)	(15)	(1,949)
At 30 April 2004	7,370	15,413	38	22,821
Net book value				
At 30 April 2004	1,413	6,127	-	7,540
At 30 April 2003	2,411	7,893	-	10,304
Included in the amounts above are the following amounts relating to leased assets:				
At 30 April 2004	259	160	-	419
At 30 April 2003	331	287	-	618

9 INVESTMENTS

	Shares in subsidiaries £'000
Cost	
At 1 May 2003	-
Additions	40,000
Net book value	
At 30 April 2004	40,000
At 30 April 2003	-

On 30 April 2004 the Company purchased 100% of the share capital of Xansa Recruitment Limited at fair value, from Xansa plc.

The principal trading subsidiary undertakings are as follows:

	Country of incorporation	Nature of business	Percentage of ordinary shares held
Xansa Recruitment Limited	England	Provision of computer contract staff	100%
Xansa Barclaycard Partnership Limited	England	Information technology services	49%

10 DEBTORS

	2004 £'000	2003 £'000
Trade debtors	30,362	29,474
Amounts to be billed on contracts	3,741	5,479
Other debtors	559	588
Prepayments	8,961	10,178
Employee share loans	-	1
Corporation tax	2,332	3,820
Deferred tax asset	4,014	1,325
Amounts due from ultimate parent undertaking	13,776	58,172
Amounts due from fellow subsidiary undertaking	9,520	8,583
	<u>73,265</u>	<u>117,620</u>

Included within prepayments are £2,835,000 (2003: £3,742,000) relating to prepayments falling due after more than one year and £105,000 relating to pensions (2003: £nil).

11 CREDITORS: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	3,771	5,786
Revenue in advance	13,665	20,307
Other taxes and social security costs	16,556	15,609
Other creditors and accruals	26,211	19,455
Overdrafts	709	391
Finance lease obligations	263	234
Amounts due to ultimate parent undertaking	9,996	17
Amounts due to fellow subsidiary undertakings	36,836	47,751
	<u>108,007</u>	<u>109,550</u>

12 CREDITORS: amounts falling due after more than one year

	2004 £'000	2003 £'000
Finance lease obligations	-	263

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for vacant properties (note a)	Deferred corporation tax (note b)	Total
	£'000	£'000	£'000
At 1 May 2003	8,280	(1,325)	6,955
Transferred from other group entities	-	-	-
Provision in the year	1,635	(2,792)	(1,157)
Used in the year	(2,716)	103	(2,613)
Disclosed within debtors (note 10)	-	4,014	4,014
At 30 April 2004	7,199	-	7,199

(a) The provision for vacant properties covers the anticipated costs of rent, rates and dilapidations in respect of unoccupied property. The provision is expected to be utilised as follows:

	£'000
Within one year	3,880
In more than one year but not more than two years	2,497
In more than two years but not more than five years	822
	<u>7,199</u>

(b) The closing deferred tax (asset) liability comprises:

	2004 £'000	2003 £'000
Accelerated capital allowances	(1,663)	(1,636)
Unutilised tax losses	(165)	(658)
Short term timing differences	(2,186)	969
	<u>(4,014)</u>	<u>(1,325)</u>

Potential deferred tax (asset) liability unrecognised comprises:

	2004 £'000	2003 £'000
Unutilised tax losses	-	-
Short term timing differences	-	-
	<u>-</u>	<u>-</u>

14 CAPITAL COMMITMENTS

As at 30 April 2004 the Company had contracted commitments to purchase capital items amounting to £1,279,000 (2003: £551,000).

15 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

	2004 £'000	2003 £'000
Amounts due under finance leases and hire purchase contracts were as follows:		
Amounts payable		
Within one year	263	234
In more than one year but not more than five years	-	263
	<u>263</u>	<u>497</u>

15 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS (continued)

	Land and buildings		Motor vehicles and equipment	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Amounts due under operating leases were as follows:				
Amounts payable				
Within one year	793	2,098	119	971
In more than one year but not more than five years	1,470	1,657	1,703	1,505
In over five years	4,048	3,237	-	-
	<u>6,311</u>	<u>6,992</u>	<u>1,822</u>	<u>2,476</u>

16 SHARE CAPITAL

	2004	2003
	£'000	£'000
Authorised:		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid:		
501 ordinary shares of £1 each (2003: 501 ordinary shares of £1)	1	1

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Share Premium	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1st May 2002	-	-	5,908	5,908
Loss attributable to shareholders	-	-	(12,728)	(12,728)
Dividends paid	-	-	(4,900)	(4,900)
Increase in Share Capital	1	24,999	-	25,000
At 30 April 2003	<u>1</u>	<u>24,999</u>	<u>(11,720)</u>	<u>13,280</u>
At 1st May 2003	1	24,999	(11,720)	13,280
Loss attributable to shareholders	-	-	(4,694)	(4,694)
Share premium reduction	-	(17,113)	17,113	-
At 30 April 2004	<u>1</u>	<u>7,886</u>	<u>699</u>	<u>8,586</u>

18 PENSIONS

The Company continues to account for pension costs under Statement of Accounting Practice (SSAP) 24. Disclosures are provided under both SSAP24 and FRS17 as required by the Standards.

The Company participates in a Group defined benefit pension scheme in the UK called the Xansa Pension Plan ("the Plan"). Employees of the Company are eligible to join by invitation only. The scheme is funded by payments of contributions to a separately administered fund.

The last triennial valuation of the Xansa Pension Plan was performed as at 31 December 2003, by professionally qualified actuaries, using the projected unit method.

The major assumptions used by the actuaries were that, over the long term, the return on the Plan's assets would be 7.5% (2000: 6.5%) per annum and that salaries would increase at an average of 3.9% (2000:5.0%) per annum. Allowances have been made for post-retirement pension increases guaranteed under the Plan rules.

The actuarial value of the assets was 82% of the liabilities using the assumptions outlined above (2000: 86%). The market value of the scheme's assets was £146,800,000. Allowing for the above mentioned salary increases, the actuarial unfunded liability disclosed at the valuation date was £32,100,000 (2000: £11,400,000). The contribution rate for the year to 30 April 2005 has been set at 20.65% of pensionable earnings, which includes 3.25% to recover the actuarial unfunded liability over the average remaining service lives of the employees.

Contributions made in respect of the year to 30 April 2004 were £15,330,000 (2003: £11,023,000).

The Company is unable to identify its share of the underlying assets and liabilities in the Xansa Pension Plan, as the Plan also covers employees of other Xansa companies. Information concerning the assets and liabilities of the Plan calculated in accordance with FRS17 can be found in the Xansa plc annual report and accounts for the year ended 30 April 2004.

The Company makes contributions to a number of defined contribution pension schemes operated by the group in the UK. The main scheme is called the Xansa Money Purchase Pension Scheme and is open to all employees who are not members of the Xansa Pension Plan. The Company also continues to contribute to defined contribution pension schemes which were operated by Druid Group plc and OSI Group Holdings Ltd prior to their joining the group. These schemes are closed to new members.

As at April 2004 the amount outstanding in respect of the Company's contribution to the Group's defined contribution schemes was £300,000 (2003: £308,000), contributions made in respect of the year were £3,548,000 (2003: £4,205,000).

19 PARENT UNDERTAKING

The Company's ultimate parent undertaking is Xansa plc, a company registered in England.

Copies of the Xansa plc Report and Accounts are available to the public and can be obtained from 420 Thames Valley Park Drive, Thames Valley Park, Reading, Berkshire, RG6 1PU.

20 RELATED PARTY TRANSACTIONS

The Company has used the exemption under FRS 8 not to disclose related party transactions with other group companies, as group accounts are prepared.

21 CONTINGENT LIABILITIES

The Company has entered into guarantees and cross guarantee arrangements with Xansa plc and some of its subsidiary companies, in favour of several banks, in respect of the financial obligations arising from the provision of banking facilities in the UK and overseas.