

BUSINESS COMPUTER SYSTEMS PLC

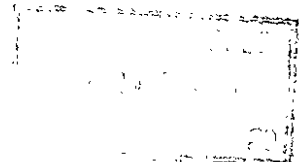
REPORT AND ACCOUNTS

1990

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BUSINESS COMPUTER SYSTEMS PLC

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the group for the year ended 30 September 1990.

Principal activity

The principal activity of the group during the year was the marketing of computer systems and software and the maintenance of computer systems and other related engineering work.

Trading results and dividend

The results for the period and the financial position of the group are shown in the annexed financial statements. The directors do not recommend the payment of a dividend.

Post balance sheet event

On 1 October 1990 the trading activities of the group, together with the associated assets and liabilities, were transferred to the ultimate holding company.

Company status

The company is not a close company as defined by the Income and Corporation Taxes Act 1988.

Tangible fixed assets

Movements in tangible fixed assets are shown in note 8 to the financial statements.

Research and development

Group policy is to invest in product innovation and improvement at a level designed to enable it to retain and enhance its market position.

Directors

The present directors are as follows:

R J Jowitt	- Chairman
P B Lindley	
B R Wigley	
H Peters	- Appointed 22 January 1990

BUSINESS COMPUTER SYSTEMS PLC

DIRECTORS' REPORT  
(continued)

Directors (continued)

Mr H Peters was appointed after the last Annual General Meeting, accordingly he retires; Mr B R Wigley retires by rotation and, being eligible, they both offer themselves for re-election.

Interests in shares

None of the directors had any interest in the shares of the company at 30 September 1990 or 30 September 1989.

Mr R J Jowitt and Mr P B Lindley are also directors of Electronic Data Processing PLC, the ultimate holding company. Their interests in the shares of Electronic Data Processing PLC are shown in the statements of that company.

None of the directors during the period had a beneficial interest in any significant contract to which the company was a party.

Auditors

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

The proposed resolution will also give authority to the directors to determine the remuneration of the auditors.

By order of the Board

J H GREEN

Secretary 

14 December 1990

REPORT OF THE AUDITORS, KPMG PEAT MARWICK McINTOCK, TO THE MEMBERS OF  
BUSINESS COMPUTER SYSTEMS PLC

We have audited the financial statements on pages 4 to 16 in accordance with auditing standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group at 30 September 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick McIntock*

Chartered Accountants

Sheffield  
14 December 1990

BUSINESS COMPUTER SYSTEMS PLC

ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with s230 of and Schedule 4 to the Companies Act 1985.

The effects of events relating to the year ended 30 September 1990 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 September 1990 and of the results for the period ended on that date.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Business Computer Systems PLC and all subsidiaries; such accounts are all made up to 30 September 1990. In accordance with the Companies Act 1985, s228(7), a separate profit and loss account of Business Computer Systems PLC is not presented, as the results of the company are disclosed in the consolidated profit and loss account.

Turnover

Turnover represents the sales of goods and services at invoiced value excluding both value added tax and transactions between Group companies.

Depreciation

Depreciation is provided on a straight line basis so as to write off the cost of each fixed asset over its estimated life from the time it becomes operational at the following rates:

Computer equipment	25%
Other plant and equipment	25%
Motor vehicles	25%
Furniture and fittings	15%

Foreign currency

Amounts receivable and payable in foreign currency have been translated at the closing rate of exchange. All exchange differences are taken to the profit and loss account.

Deferred taxation

Provision is made for corporation tax deferred by timing differences only where there is a reasonable probability of such differences reversing and an actual corporation tax liability arising in the foreseeable future.

BUSINESS COMPUTER SYSTEMS PLC

ACCOUNTING POLICIES  
(continued)

Research and development

Research costs and development expenditure relating to software products are written off in the year in which they are incurred. Development expenditure relating to specific hardware products and related operating systems is written off over the expected life of the product or three years, whichever is the shorter period.

Leasing transactions

Rentals received under operating lease agreements are credited to profit and loss account on a straight line basis over the period of the lease. Rentals paid under operating lease agreements are debited to profit and loss account on the same basis.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred income

Deferred income represents that portion of maintenance contracts taken out by customers but relating to a future period.

Pension costs

The assets of the Electronic Data Processing PLC Group's two pension schemes are administered by trustees and are kept separate from those of the Group. Independent actuaries prepare valuations of these schemes at least every three years and in accordance with their recommendations, contributions are made which are charged to profits on a systematic and rational basis over the expected remaining working life of the employees. Any differences between the actuarial valuation and the value of assets in a scheme are similarly charged or credited to profit before tax over the expected remaining working life of employees in the scheme. Pension liabilities due but unpaid at the year end are shown as other liabilities and charges in the financial statements.

BUSINESS COMPUTER SYSTEMS PLC  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1990

	<u>Notes</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
Turnover	1	7,503	6,463
Cost of sales		<u>(3,163)</u>	<u>(2,927)</u>
Gross profit		4,340	3,536
Distribution and marketing costs		<u>(2,244)</u>	<u>(2,378)</u>
Administration expenses		<u>(1,174)</u>	<u>(1,024)</u>
Trading profit	2-4	922	134
Interest receivable	5	-	4
Interest payable	6	<u>(34)</u>	<u>(49)</u>
Profit on ordinary activities before taxation		988	89
Taxation	7	<u>(205)</u>	-
Profit on ordinary activities after taxation	16	<u>683</u>	<u>89</u>
Amount set aside to reserves:			
The Company		613	129
Subsidiaries		<u>70</u>	<u>(40)</u>
		<u>683</u>	<u>89</u>

The notes on pages 10 to 16 form part  
of these financial statements

BUSINESS COMPUTER SYSTEMS PLC

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 1990

	<u>Notes</u>	<u>1990</u>		<u>1989</u>	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible assets	8		15		16
<b>CURRENT ASSETS</b>					
Stocks	10		263		565
Debtors	11		2,306		2,083
Cash at bank and in hand			<u>126</u>		<u>2</u>
			2,695		2,650
<b>CREDITORS: Amounts falling due within one year</b>	12		<u>(913)</u>		<u>(1,510)</u>
<b>NET CURRENT ASSETS</b>			<u>1,782</u>		<u>1,140</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,797		1,156
<b>PROVISION FOR OTHER LIABILITIES AND CHARGES</b>	13		(70)		(53)
<b>DEFERRED INCOME</b>	14		<u>(584)</u>		<u>(643)</u>
			1,143		460
			=====		=====
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		611		611
Share premium			25		25
Profit and loss account	16		<u>507</u>		<u>(176)</u>
			1,143		460
			=====		=====

Approved by the board of directors on 14 December 1990

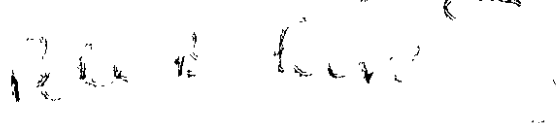
R J JOWITT

Director



P B LINDLEY

Director



The notes on pages 10 to 16 form part of these financial statements



BUSINESS COMPUTER SYSTEMS PLC

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£000	£000
		1990	1989
		£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	8	15	16
Investments	9	<u>1</u>	<u>1</u>
		16	17
<b>CURRENT ASSETS</b>			
Stocks	10	111	216
Debtors	11	1,846	1,806
Cash at bank and in hand		<u>126</u>	<u>2</u>
		2,083	2,024
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(873)</u>	<u>(1,510)</u>
<b>NET CURRENT ASSETS</b>		<u>1,210</u>	<u>514</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,226	531
<b>PROVISION FOR OTHER LIABILITIES AND CHARGES</b>	13	(70)	(53)
<b>DEFERRED INCOME</b>	14	<u>(210)</u>	<u>(145)</u>
		946	333
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	611	611
Share premium		25	25
Profit and loss account	16	<u>310</u>	<u>(303)</u>
		946	333

Approved by the board of directors on 14 December 1990

R J JOWITT

Director

F B LINDLEY

Director

The notes on pages 10 to 16 form part  
of these financial statements

BUSINESS COMPUTER SYSTEMS PLC

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 1990

	<u>1990</u>	<u>1989</u>
	£000	£000
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	888	89
Adjustments for items not involving the movement of funds:		
Depreciation and other amounts written off tangible and intangible fixed assets	9	130
Provision for pension liability	<u>17</u>	<u>53</u>
<b>FUNDS GENERATED BY OPERATIONS</b>	914	272
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible fixed assets	(8)	-
Corporation tax paid	<u>-</u>	<u>(9)</u>
	906	263
	<u>906</u>	<u>263</u>
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
Stocks	(302)	(175)
Debtors	236	509
Creditors	<u>294</u>	<u>132</u>
	228	466
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
Decrease/(increase) in bank borrowings	554	(200)
Increase/(decrease) in cash at bank and in hand	<u>124</u>	<u>(3)</u>
	906	263
	<u>906</u>	<u>263</u>

BUSINESS COMPUTER SYSTEMS PLC

NOTES

(forming part of the financial statements)

1 TURNOVER

The Group's turnover is derived wholly from within the United Kingdom from the principal trading activity.

2 TRADING PROFIT

Trading profit is stated after charging:

	<u>1990</u>	<u>1989</u>
	£000	£000
Depreciation of fixed tangible assets	9	17
Amortisation of development costs	-	113
Research and development in the current year	97	100
Auditors' remuneration	22	27
Rentals payable under operating leases	508	498
Exceptional costs relating to High Court action	83	223
	***	***

3 EMPLOYEES

Staff costs during the year were:

	<u>1990</u>	<u>1989</u>
	£000	£000
Wages and salaries	2,206	2,002
Social security costs	178	201
Other pension costs	63	66
	<u>2,447</u>	<u>2,269</u>
	*****	*****

The average number of persons employed by the Group during the year was 119 (1989 - 144).

The number of employees, other than directors of the company, with emoluments in the period at a rate in excess of £30,000 per annum was as follows:

	<u>1990</u>	<u>1989</u>
	Number	Number
£30,001 - £35,000	3	2
£35,001 - £40,000	1	1
£40,001 - £45,000	2	1
£45,001 - £50,000	1	1
£50,001 - £55,000	-	1
£60,001 - £65,000	2	-
£70,001 - £75,000	1	-
	<u>10</u>	<u>7</u>
	=====	=====

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

4	DIRECTORS' REMUNERATION	<u>1990</u> £000	<u>1989</u> £000
	Directors' emoluments (including pension contributions)	106 ---	- ---

The emoluments of the Chairman amounted to £Nil (1989 - £Nil) and those of the highest paid director amounted to £67,104 (1989 - £Nil).

The number of other directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket were as follows:

	<u>1990</u> Number	<u>1989</u> Number
£0 - £5,000	1	-
£35,001 - £40,000	1 ---	- ---

5	INTEREST RECEIVABLE	<u>1990</u> £000	<u>1989</u> £000
	Bank interest	- ---	4 ---

6	INTEREST PAYABLE	<u>1990</u> £000	<u>1989</u> £000
	Bank interest	34 ---	49 ---

7	TAXATION	<u>1990</u> £000	<u>1989</u> £000
	United Kingdom corporation tax at 35% (1989 - 35%) on the profit for the year	205 ---	- ---

The tax charge for the year has been reduced by £160,000 as a result of tax losses. At 30 September 1990 there were no tax losses available for carry forward (1989 - approximately £459,000).

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

7 TAXATION (continued)

Deferred taxation

The Group has a potential deferred tax asset made up as follows:

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
At 35% (1989 - 35%)		
Accelerated capital allowances	(10)	(12)
Other timing differences	(25)	(19)
Tax losses carried forward	—	(184)
	<u>(35)</u>	<u>(215)</u>

No provision has been made.

8 FIXED ASSETS - TANGIBLE ASSETS

<u>Group and company</u>	<u>Computer</u> <u>equipment</u> <u>£000</u>	<u>Other plant</u> <u>and equipment</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Cost:			
At 1 October 1989	88	230	318
Additions	—	8	8
At 30 September 1990	88	238	326
Accumulated depreciation:			
At 1 October 1989	88	214	302
Charge for the year	—	9	9
At 30 September 1990	88	223	311
Net book value:			
At 30 September 1990	—	15	15
At 30 September 1989	—	16	16

Neither the company nor the Group had any capital commitments at 30 September 1990 or 30 September 1989.

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

9	FIXED ASSETS - INVESTMENTS	<u>1990</u> £	<u>1989</u> £
	Shares in subsidiaries at cost	200 ====	200 ====

The company owns the whole of the called up share capital of the following subsidiaries, both of which are incorporated in Great Britain:

Business Computer Services Limited - involved in the provision of computer maintenance services

Business Computers Limited - dormant

10	STOCKS	<u>Group</u>		<u>Company</u>	
		<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
		£000	£000	£000	£000
	Finished goods and computer equipment	260	555	108	206
	Consumables	<u>3</u>	<u>10</u>	<u>3</u>	<u>10</u>
		263	565	111	216
		=====	=====	=====	=====

The replacement cost of stocks does not differ materially from the balance sheet valuation.

11	DEBTORS	<u>Group</u>		<u>Company</u>	
		<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
		£000	£000	£000	£000
	Amounts falling due within one year:				
	Trade debtors	1,762	1,789	1,226	1,473
	Amount owed by parent company	457	155	457	155
	Amount owed by subsidiary company	-	-	76	41
	Corporation tax	-	13	-	11
	Other debtors	4	6	4	6
	Prepayments and accrued income	<u>83</u>	<u>120</u>	<u>83</u>	<u>120</u>
		2,306	2,083	1,846	1,806
		=====	=====	=====	=====

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

12	CREDITORS	<u>Group</u>		<u>Company</u>	
		<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
	Amounts falling due within one year:				
	Bank overdraft	-	554	-	554
	Trade creditors	399	530	399	530
	Corporation tax	192	-	152	-
	Other taxes and social security	99	173	99	173
	Other creditors	<u>223</u>	<u>253</u>	<u>223</u>	<u>253</u>
		913	1,510	873	1,510
		***	*****	***	*****

13	PROVISION FOR OTHER LIABILITIES AND CHARGES	<u>Group</u>		<u>Company</u>	
		<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
	Pension commitments	70	53	70	53
		***	***	***	***

The company participates in the two funded defined benefits pension schemes operated by the Electronic Data Processing Group. The level of contributions has been assessed in accordance with the advice of qualified actuaries, based on the pension costs across the group as a whole. Particulars of the latest actuarial valuations of the two schemes, which took place as at 1 August 1989 and 1 June 1987 respectively, are contained in the accounts of Electronic Data Processing PLC.

14	DEFERRED INCOME	<u>Group</u>		<u>Company</u>	
		<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
	Due within one year	584	643	210	145
		***	***	***	***

This represents that portion of maintenance contracts taken out by customers but relating to a future period.

BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

15	CALLED UP SHARE CAPITAL	<u>1990</u> £000	<u>1989</u> £000
	Authorised: 10,000,000 ordinary shares of 10p each	1,000 <u>          </u>	1,000 <u>          </u>
	Allotted, called up and fully paid	611 <u>          </u>	611 <u>          </u>
16	PROFIT AND LOSS ACCOUNT	<u>Group</u> £000	<u>Company</u> £000
	At 30 September 1989	(176)	(303)
	Profit for the year	<u>683</u>	<u>613</u>
	At 30 September 1990	<u>507</u>	<u>310</u>
17	LEASING COMMITMENTS		
	The commitment to payments within the next twelve months under operating leases is:		
		<u>1990</u>	<u>1989</u>
		<u>Vehicles</u> <u>Buildings</u>	<u>Vehicles</u> <u>Buildings</u>
		£000        £000	£000        £000
	Contracts expiring:		
	<u>Group</u>		
	Within one year	48	25
	Between 2 and 5 years	15	188
	After more than 5 years	<u>      </u>	<u>213</u>
		<u>63</u>	<u>213</u>
		<u>          </u>	<u>          </u>
	<u>Company</u>		
	Within one year	6	-
	Between 2 and 5 years	15	60
	After more than 5 years	<u>      </u>	<u>213</u>
		<u>21</u>	<u>213</u>
		<u>          </u>	<u>          </u>



BUSINESS COMPUTER SYSTEMS PLC

NOTES  
(continued)

18 HOLDING COMPANY

The ultimate holding company is Electronic Data Processing PLC, a company incorporated in Great Britain.

19 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 1990.