

Amdocs (UK) Limited

Annual report

30 September 2004



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Amdocs (UK) Limited
Annual report
for the year ended 30 September 2004

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Amdocs (UK) Limited

Directors and advisers

Registered No. 3085506

Directors

Moshe Lahmani
Thomas G O'Brien
Jonathan Mottershead-Needs

Secretary

Jonathan Mottershead-Needs
Olswang CoSec Limited

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

The Royal Bank of Scotland
Corporate & Institutional Banking
135 Bishopsgate
London EC2M 3UR

Solicitors

Olswang
90 Long Acre
London WC2E 9TT

Registered office

Fleetway House
25 Farringdon Street
London, EC4A 4EP

Amdocs (UK) Limited

Directors' report

for the year ended 30 September 2004

The directors present their report and the group financial statements for the year ended 30 September 2004.

Results and dividends

The group profit for the year, after taxation amounted to US\$ 49.4 million. An ordinary dividend of US\$ 54.997 million was paid during the year and the directors do not recommend any further dividend be declared. After payment of the dividend the retained loss for the year of US\$5.6 million was transferred to reserves.

Principal activity

The group's principal activity for the year was providing business support systems and related services to the communications industry.

Review of business and future developments

The group has had a satisfactory year given the increasingly challenging economic conditions in which the group operates. The directors expect the group to continue to report satisfactory results.

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 September 2004, the company had an average of 17 days' purchases outstanding in trade creditors.

Disabled employees

The group 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 the group's 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 regular issue of a newsletter in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Directors and their interests

The directors who served during the year and subsequent to the year end are listed below:

Mr Moshe Lahmani (appointed 18 November 2003)

Mr Emmanuel Carmi (resigned 18 November 2003)

Ms Sarah Green (appointed 29 December 2003, resigned 23 June 2005)

Mr Jonathan Mottershead-Needs (appointed 23 June 2005)

Mr Thomas G O'Brien

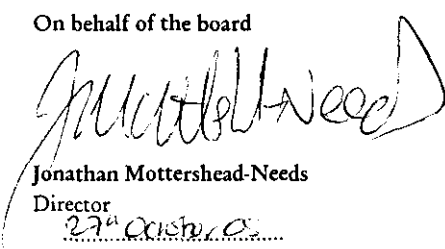
Mr Kevin Picker (resigned 29 December 2003)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board


Jonathan Mottershead-Needs
Director

2005

Amdocs (UK) Limited

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Amdocs (UK) Limited

Independent auditors' report

to the members of Amdocs (UK) Limited

We have audited the company's consolidated financial statements for the year ended 30 September 2004 which comprise Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the group'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 group'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 group and the group'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 financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information required by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any 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 financial statements. It also includes an assessment of the significant estimates and judgments 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 group and company as at 30 September 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

28 October 2005

Amdocs (UK) Limited
Group profit and loss account
for the year ended 30 September 2004

	Notes	2004 US\$000	2003 US\$000
Group turnover	2	964,453	917,409
Cost of sales		829,607	755,531
Gross profit		134,846	161,878
Administrative expenses		76,730	107,805
Group operating profit	3	58,116	54,073
Gain/(loss) on disposal of current asset investments		11,690	(5,281)
Other income		2,111	266
Bank interest receivable		2,226	1,578
Interest payable and similar charges	4	(6,571)	(6,844)
Profit on ordinary activities before tax		67,572	43,792
Tax on profit on ordinary activities	7	18,172	9,712
Profit for the financial year		49,400	34,080
Dividends: ordinary dividends on equity shares	9	54,997	14,300
Retained (loss)/profit for the financial year	21	(5,597)	19,780

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of total recognised gains and losses

The group has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

Amdocs (UK) Limited
Group balance sheet
as at 30 September 2004

	Notes	2004 US\$000	2003 US\$000
Fixed assets			
Intangible assets	10	125,177	140,736
Tangible assets	11	88,134	83,079
		<hr/>	<hr/>
		213,311	223,815
Current assets			
Stocks	13	50,869	12,000
Debtors	14	289,735	279,015
Current asset investment	12b	2,906	9,950
Cash at bank and in hand		162,838	172,353
		<hr/>	<hr/>
		506,348	473,318
Creditors: amounts falling due within one year	15	385,291	270,549
		<hr/>	<hr/>
Net current assets		121,057	202,769
		<hr/>	<hr/>
Total assets less current liabilities		334,368	426,584
Creditors: amounts falling due after more than one year	16	128,699	215,318
		<hr/>	<hr/>
Net assets		205,669	211,266
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	20	166	166
Capital reserve	22	91,378	91,378
Profit and loss account	21	114,125	119,722
		<hr/>	<hr/>
Equity shareholder's funds	22	205,669	211,266
		<hr/>	<hr/>


Jonathan Mottershead-Needs
 Director

23rd October 2005

Amdocs (UK) Limited
Balance sheet
as at 30 September 2004

	Notes	2004 US\$000	2003 US\$000
Fixed assets			
Tangible assets	11	1,908	2,882
Investments	12a	10,614	3,890
		<u>12,522</u>	<u>6,772</u>
Current assets			
Stocks	13	6,817	-
Debtors	14	305,873	218,734
Cash at bank and in hand		125,065	52,975
		<u>437,755</u>	<u>271,709</u>
Creditors: amounts falling due within one year	15	148,995	94,006
Net current assets		<u>288,760</u>	<u>177,703</u>
Total assets less current liabilities		301,282	184,475
Creditors: amounts falling due after more than one year	16	76,250	150,689
Net assets		<u>225,032</u>	<u>33,786</u>
Capital and reserves			
Called-up share capital	20	166	166
Profit and loss account	21	224,866	33,620
Equity shareholder's funds		<u>225,032</u>	<u>33,786</u>



Jonathan Mottershead-Needs
Director

...27th October..... 2005

Amdocs (UK) Limited

Notes to the financial statements

for the year ended 30 September 2004

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of Amdocs (UK) Limited and all its subsidiary undertakings drawn up to 30 September each year. Amdocs (Brasil) Limitada, Amdocs (Hungary) Kft, Amdocs (Portugal) Software Unipessoal Limitada, and Amdocs (France) SAS have a 31 December financial year end in accordance with local legislation. Amdocs Software GmbH has a 31 December financial year end in accordance with normal German business practice.

No profit or loss account is presented for Amdocs (UK) Limited as permitted by section 230 of the Companies Act 1985.

Acquisitions have been included in the financial statements using the acquisition method of accounting. Accordingly the group profit and loss account includes the results of acquired businesses from the date of acquisition. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at date of acquisition.

Turnover and revenue recognition

Turnover, which excludes value added tax and sales between group companies, represents the invoiced value of goods and services supplied and the value of long term contract work done, as outlined below.

The company usually sells its software as part of an overall solution offered to a customer, in which significant customisation and modification to the company's software generally is required. As a result, revenue generally is recognised over the course of these long-term projects.

Initial license fee for software revenue is recognised as work is performed, under the percentage of completion method of accounting. Subsequent license fee revenue is recognised upon completion of the specified conditions in each contract. Service revenue that involves significant ongoing obligations, including fees for customisation, implementation and modification, is recognised as work is performed, under the percentage of completion method of accounting.

Software revenue that does not require significant customisation and modification, is recognised upon delivery and installation. In managed service contracts, revenue from operation and maintenance of customers' billing systems is recognised in the period in which the bills are produced. Revenue from ongoing support is recognised as work is performed. Revenue from third-party hardware and software sales is recognised upon delivery and installation, and recorded at gross or net amount according to whether the company acts as a Principal or as an Agent. Maintenance revenue is recognised ratably over the term of the maintenance agreement, which in most cases is one year or less. Losses are recognised on contracts in the period in which the liability is identified.

The amount by which recorded turnover is in excess of amounts invoiced is shown within debtors as amounts recoverable on contracts. The amount by which revenue recognised falls short of the amount invoiced is shown within creditors as payments on account.

Cost of sales

Cost of sales comprises all costs associated with providing services to customers including warranty expense, and with reselling third-party computer hardware and software. Estimated costs related to warranty obligations are initially provided at the time the product is delivered and are revised to reflect subsequent changes in circumstances.

Full provision is made for losses on contracts in the year in which the losses are first foreseen.

Stocks of work in progress

In circumstances where the Company enters into a contract with a customer for the provision of Managed Services for a defined period of time, the Company defers certain costs incurred by the Company at the inception of the contract. These costs include costs associated with migration of data and the establishment of software interfaces. The deferred costs are amortized on a straight-line basis over the life of the respective customer contract. Revenue associated with these capitalized costs is deferred and will be recognised over the life of the respective customer contract.

Amdocs (UK) Limited

Notes to the financial statements

for the year ended 30 September 2004

1 Accounting policies (continued)

Goodwill and intangible assets

Purchased and consolidated goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful life.

Intellectual property rights acquired by the group are capitalised and amortised over their estimated useful economic life of ten years.

Costs of developing software systems are incurred primarily in connection with customer contracts and generally expensed as incurred. Purchased computer software is capitalised and is stated at the lower of amortised cost or net realisable value. Computer software is amortised over its estimated useful life of three years, based on the ratio of the current gross revenues for each product to the total current and anticipated future gross revenues for each product.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, where the expected useful lives of assets are as follows:

Leasehold improvements	the shorter of 5 years and the term of the lease
Fixture & fittings	5 years
Computer equipment & software	30 to 60 months
Motor vehicles	5 years

The carrying values of tangible fixed assets, intangible fixed assets and fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred tax assets and liabilities have been recognised using the liability method on all timing differences at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities have not been discounted.

No deferred tax has been provided on the unremitted earnings of overseas subsidiaries as no binding agreements to distribute earnings have been entered into.

Foreign currencies

The financial statements of the company and of its subsidiary undertakings are denominated in US dollars.

Transactions in other currencies are recorded at the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in currencies other than the US dollar are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Pensions

In certain circumstances, group companies make contributions to employees' pension plans where these are held with approved pension providers. These pension costs are charged to the profit and loss account in the year in which they arise.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account as they become due, in accordance with the terms of the lease.

Cash flow statement

Financial Reporting Standard Number 1 (Revised 1996), "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The company has availed itself of this exemption.

Amdocs (UK) Limited
Notes to the financial statements
for the year ended 30 September 2004

2 Turnover and segmental analysis

The group operates in one principal area of activity, that of providing business support systems and related services to the communications industry. It also operates within three geographical markets: Europe, North America and the rest of the world.

No detailed business and geographical segment analysis of the group is disclosed as, in the opinion of the directors, any of these disclosures would be seriously prejudicial to the interest of the company.

3 Operating profit

	2004 US\$000	2003 US\$000
This is stated after charging/(crediting):		
Auditors' remuneration:		
- audit services - UK *	158	95
- audit services - overseas	2,134	1,553
- non audit services - UK only	472	89
Depreciation of tangible fixed assets	33,159	29,832
Loss on sale of tangible fixed assets	24	342
Amortisation of intangible fixed assets	19,865	19,721
Operating lease rentals		
- land and buildings	23,226	18,428
- plant and machinery	1,738	4,723
Foreign exchange (gains)/losses	(1,481)	898

* US\$113,723 (2003 \$77,034) of this relates to the company.

4 Interest payable and similar charges

	2004 US\$000	2003 US\$000
Bank overdraft and charges	14	32
Other loans	220	135
Loans from fellow subsidiary	6,337	6,677
	6,571	6,844

5 Directors' remuneration

	2004 US\$000	2003 US\$000
Emoluments	666	689
Pension contributions	31	31
	697	720
Members of money purchase schemes	4	2

The emoluments of the highest paid director were:

Emoluments	274	295
Pension contributions	15	24
	289	319

Amdocs (UK) Limited
Notes to the financial statements
for the year ended 30 September 2004

6 Staff costs

	2004 US\$000	2003 US\$000
Wages and salaries	332,650	286,488
Social security costs	26,567	22,795
Other pension costs	10,283	7,713
	<hr/>	<hr/>
	369,500	316,996
	<hr/>	<hr/>

The average monthly number of employees during the year was made up as follows:

	2004 No.	2003 No.
Production	3,194	3,091
Administration	438	393
	<hr/>	<hr/>
	3,632	3,484
	<hr/>	<hr/>

7 Tax on profit on ordinary activities

(a) Analysis of charge in period

Current tax:

United Kingdom tax

UK corporation tax on profit for the year
Adjustments in respect of prior years

	2004 US\$000	2003 US\$000
	9,254	12,714
	(1,251)	(10)
	<hr/>	<hr/>
	8,003	12,704
	<hr/>	<hr/>
	(3,481)	(3,677)
	<hr/>	<hr/>
	4,522	9,027
	<hr/>	<hr/>

Double taxation relief

Total United Kingdom tax

Foreign tax:

Foreign corporate income taxes on profits for the year
Adjustments in respect of prior years

	28,418	(726)
	416	1,263
	<hr/>	<hr/>
	28,834	537
	<hr/>	<hr/>
	33,356	9,564
	<hr/>	<hr/>
	(15,184)	148
	<hr/>	<hr/>
	18,172	9,712
	<hr/>	<hr/>

Total foreign tax

Total current tax (see note 7b)

Deferred tax:

Movement in deferred tax

Tax on profit on ordinary activities

Amdocs (UK) Limited
Notes to the financial statements
for the year ended 30 September 2004

7 Tax on profit on ordinary activities - continued

(b) Factors affecting tax charge for period

The group's weighted average rate of corporate tax is 35.04% (2003: 21.61%), calculated by averaging the statutory rates of tax in each jurisdiction in which the group has operations weighted by accounting profit. The current tax charge for the year is higher than this rate for the reasons explained below

	2004 US\$000	2003 US\$000
Profit on ordinary activities before tax	67,572	43,792
Profit on ordinary activities multiplied by weighted average rate of corporation tax for the group of 35.04% (2003: 21.61%)	23,680	9,464
Effects of:		
purposes	(2,595)	1,660
Tax credit on amortisation of derecognised intangible	(2,316)	(2,268)
Foreign taxes in excess of foreign tax credits	180	-
Double taxation relief on overseas income stream	-	(233)
Adjustments to tax charge in respect of prior years	(835)	1,253
Other differences	58	(164)
Movements in deferred tax balances arising on:		
Deferred revenue	3,721	27
Accrued personnel costs	4,175	1,916
Foreign exchange gains and losses	(307)	(52)
Allowance for doubtful debts	443	(186)
Intellectual property amortisation	969	969
Goodwill amortisation	4,995	1,571
Capital losses	(95)	(3,864)
Utilisation of tax losses	247	685
Other	1,036	(1,214)
Current tax charge for the year	33,356	9,564

(c) The directors are not aware of any factors that will materially affect the weighted average rate of corporate tax in the foreseeable future

Amdocs (UK) Limited
Notes to the financial statements
for the year ended 30 September 2004

8 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was US\$246.2 million (2003 - US\$37.5 million).

9 Dividends

	2004 US\$000	2003 US\$000
Ordinary paid	54,997	14,300

10 Intangible fixed assets

Group	Intellectual property rights US\$000	Goodwill US\$000	Total US\$000
Cost:			
At 1 October 2003	28,000	171,004	199,004
Additions	-	4,306	4,306
At 30 September 2004	28,000	175,310	203,310
Amortisation:			
At 1 October 2003	17,738	40,530	58,268
Charged in the year	2,620	17,245	19,865
At 30 September 2004	20,358	57,775	78,133
Net book value:			
At 30 September 2004	7,642	117,535	125,177
At 1 October 2003	10,262	130,474	140,736

Goodwill arising on the acquisition of Amdocs Inc., Sypress Inc., the Clarify business and the Xacct Inc. business is being amortised over the directors' estimate of its useful economic life of 10 years.

Amdocs (UK) Limited
Notes to the financial statements
for the year ended 30 September 2004

11 Tangible fixed assets

Group	Leasehold improvement US\$000	Fixtures and fittings US\$000	Computer equipment and software US\$000	Motor vehicles US\$000	Total US\$000
Cost or valuation:					
At 1 October 2003	22,914	15,412	142,477	1,914	182,717
Acquired	-	86	1,924	-	2,010
Additions	4,686	359	33,313	-	38,358
Disposals	(332)	(45)	(1,601)	(320)	(2,298)
At 30 September 2004	27,268	15,812	176,113	1,594	220,787
Depreciation:					
At 1 October 2003	12,628	10,665	75,261	1,084	99,638
Acquired	-	78	1,860	-	1,938
Charged in the year	2,308	2,172	28,347	332	33,159
Disposals	(400)	(45)	(1,412)	(225)	(2,082)
At 30 September 2004	14,536	12,870	104,056	1,191	132,653
Net book value:					
At 30 September 2004	12,732	2,942	72,057	403	88,134
At 1 October 2003	10,286	4,747	67,216	830	83,079
Company					
Cost or valuation:					
At 1 October 2003	3,237	1,464	2,583	30	7,314
Additions	61	54	387	-	502
At 30 September 2004	3,298	1,518	2,970	30	7,816
Depreciation:					
At 1 October 2003	1,593	1,085	1,724	30	4,432
Charged in the year	748	158	570	-	1,476
At 30 September 2004	2,341	1,243	2,294	30	5,908
Net book value:					
At 30 September 2004	957	275	676	-	1,908
At 1 October 2003	1,644	379	859	-	2,882

Amdocs (UK) Limited

Notes to the financial statements

for the year ended 30 September 2004

12 Investments

12a Subsidiary Undertakings

Company	Shares in subsidiary undertakings US\$000	Total US\$000
Cost: at 1 October 2003	3,890	3,890
Additions	256,774	256,774
Disposals	(250,050)	(250,050)
At 30 September 2004	10,614	10,614

On 26 February 2004 Amdocs Financial Holdings LLC was incorporated. The company injected share capital of \$250,050,000 to provide starting working capital to Amdocs Financial Holdings LLC. On 16 March 2004 the company sold its investment in Amdocs Financial Holdings LLC to Amdocs Finance Limited for consideration amounting to a present value of \$250,050,000. Payment of consideration is due in instalments with the final payment due 15 March 2009. Subsequent to the balance sheet date the consideration was repaid ahead of schedule. The consideration was repaid in September 2005.

On 30 September 2005 Amdocs Financial Holdings LLC was dissolved and its assets and liabilities transferred to its immediate parent company, Amdocs Finance Limited.

On 26 July 2004 the company injected capital of £2,730,000 to provide additional working capital to Amdocs (UK) Investment Limited.

On 29 September 2004 the company injected capital of \$1,700,000 to provide additional working capital to Amdocs (Brasil) Limitada.

Details of the principal investments held by the group or company at 30 September 2004 in which the group or company holds at least 20% of the nominal value of any class of share capital are as follows:

Name of company	Country of incorporation if not Great Britain	Holdings type (stock/shares)	Proportion of voting rights and shares held
Amdocs Inc.	USA	Common	100% ++
Sypress Inc.	USA	Common	100%
Canadian Directory Technology Ltd	USA	Common	100% ++
Directory Technology (Pty) Ltd	Australia	Ordinary	100% ++
Amdocs Services Inc.	USA	Common	100% ++
Amdocs (Brasil) Limitada	Brazil	Ordinary	100%
Amdocs (Italy) Srl	Italy	Ordinary	100%
Amdocs Software GmbH	Germany	Ordinary	100%
Amdocs (Japan) KK	Japan	Ordinary	100%
PT Amdocs Indonesia	Indonesia	Ordinary	100% ++
Amdocs (Hungary) Kft	Hungary	Ordinary	100%
Amdocs (France) SAS	France	Ordinary	100% ++
Amdocs Software Technologies Inc.	USA	Common	100% ++
Amdocs IT Services LLC	USA	Common	100% ++
Amdocs BV	Netherlands	Ordinary	100%
Amdocs (CR) sro	Czech Republic	Ordinary	100%
Amdocs Management Limited		Ordinary	100%
Amdocs (Portugal) Software Unipessoal Limitada	Portugal	Ordinary	100% ++
Amdocs (Spain) SLU	Spain	Ordinary	100% ++
Amdocs (UK) Investment Limited		Ordinary	100%
Amdocs (UK) Financing Limited	Guernsey	Ordinary	100% ++
Amdocs (Hellas) Limited	Greece	Ordinary	100% ++
Amdocs Financial Holdings LLC	USA	Common	100% ++
Amdocs Finance Limited		Ordinary	100% ++
Amdocs (USA) Inc.	USA	Ordinary	100% ++
+ Amdocs Stamford, Inc	USA	Common	100% ++
+ Amdocs Champaign Inc	USA	Common	100% ++

+ + held by a subsidiary undertaking.

+ ITDS Group

Amdocs (UK) Investment Limited, Amdocs (UK) Financing Limited, Amdocs Finance Limited and Amdocs Financial Holdings LLC are investment holding companies. All other subsidiary undertakings are engaged in providing business support systems and related services to the communications industry.

Amdocs (UK) Limited
Notes to the financial statements
for the year ended 30 September 2004

12 Investments (continued)

Acquisition

On 19 May 2004 the group purchased part of the Xacct Technologies Inc. business.

Net liabilities at date of acquisition

	Book value/ fair value to group US\$000
Tangible fixed assets	72
Debtors and other current assets	162
Creditors falling due within one year	(990)
Net liabilities	(756)
Goodwill arising on acquisition	4,306
	3,550
Discharged by:	
Cash	3,550

Book values of net liabilities acquired were equal to their fair values at the date of acquisition.

Following the acquisition of the Xacct Technologies Inc. business the trade acquired has been subsumed within the existing trade of the acquiring entities. Accordingly it has not been possible to extract or segregate the post acquisition results of the Xacct Technologies Inc. business for disclosure in the profit and loss account as required under Financial Reporting Standard Number 3, "Reporting Financial Performance."

Amdocs (UK) Limited
Notes to the financial statements
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12 Investments (continued)

12b Current asset investments

	Group		Company	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Investments in US treasury bonds	2,906	9,950	-	-

Investments in US treasury bonds include an investment by a US subsidiary in the ultimate parent undertaking, Amdocs Limited, amounting to US\$1.9 million (2003: US\$7.4 million).

13 Stocks

	Group		Company	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Work in progress	50,869	12,000	6,817	-

14 Debtors

	Group		Company	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Trade debtors	83,767	53,565	25,462	19,374
Amounts recoverable on contracts	738	13,205	500	2,688
Amounts owed by fellow subsidiaries	75,950	76,417	3,386	15,953
Amounts owed by other group undertakings	-	-	258,972	11,895
Loans to other group undertakings	-	-	-	153,500
Other debtors	27,155	18,928	16,400	9,443
Prepayments and accrued income	13,511	36,901	1,153	3,548
Deferred tax (note 17)	67,535	58,681	-	333
Corporation tax recoverable	21,079	21,318	-	-
	289,735	279,015	305,873	218,734

Amounts falling due after more than one year included above are:

	Group		Company	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Deferred tax (note 17)	21,147	16,694	-	-
Amounts owed by other group undertakings	-	-	250,000	-
Prepayments and accrued income	1,571	-	405	-
Other debtors	3,283	3,280	65	134
	26,001	19,974	250,470	134

Amounts owed by other group undertakings include an amount of \$250m due in instalments with the final payment being due 15 March 2009. Subsequent to the balance sheet date these payments were made ahead of schedule. The amounts were repaid in September 2005.

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15 Creditors: amounts falling due within one year

	Group		Company	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Trade creditors	27,045	13,543	2,711	1,599
Amounts owed to parent company	909	147	-	-
Amounts owed to fellow subsidiaries	52,922	50,542	26,796	25,816
Amounts owed to other group undertakings	-	-	26,857	17,705
Corporation tax and income taxes	42,337	15,523	10,303	6,794
Payments on account	85,635	81,439	17,750	23,588
Accruals and deferred income	110,842	82,737	11,443	5,044
Loans from parent company	292	-	-	-
Loans from fellow subsidiary	42,689	5,561	42,590	5,334
Deferred tax (note 17)	3,178	2,059	1,418	1,752
Other creditors including taxation and social security	19,442	18,998	9,127	6,374
	385,291	270,549	148,995	94,006

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Payments on account	11,331	16,807	-	-
Loans from parent company	2,882	-	-	-
Loans from fellow subsidiary	81,010	156,610	75,000	150,000
Deferred tax (note 17)	14,543	21,992	-	-
Other creditors	18,933	19,909	1,250	689
	128,699	215,318	76,250	150,689

The group has access to short-term revolving credit lines totalling US\$30 million from FIBI Bank (UK) plc and Royal Bank of Scotland plc. At 30 September 2004 the company had issued guarantees totalling US\$18,000 (2003: \$15,000) under this facility (see note 23).

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17 Deferred tax

	Group		Company	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
At 1 October	34,630	34,778	(1,419)	(662)
Movement in the year	15,184	(148)	1	(757)
At 30 September	49,814	34,630	(1,418)	(1,419)

The deferred tax asset/(liability) is comprised as follows:

	Group		Company	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Accelerated capital allowances	(733)	(1,831)	283	(249)
Deferred revenue	25,057	21,336	-	-
Accrued personnel costs	17,894	13,656	(48)	-
Foreign exchange gains and losses	(353)	(46)	-	-
Allowance for doubtful debts	582	139	227	-
Intellectual property	(2,826)	(3,795)	-	-
Goodwill	8,699	3,704	-	-
Capital losses	(904)	(809)	-	-
Tax losses carried forward	4,241	3,994	-	-
Other timing differences	(1,843)	(1,718)	(1,880)	(1,170)
	49,814	34,630	(1,418)	(1,419)

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18 Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 30 September was as follows:

	Group		Company	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Amounts falling due:				
In one year or less or on demand	42,981	5,561	42,590	5,334
In more than two years but not more than five years	83,892	6,610	75,000	-
In more than five years	-	150,000	-	150,000
	126,873	162,171	117,590	155,334

Loans from the parent company are interest free.

Interest on loans from fellow subsidiary undertakings is charged at LIBOR + 2.5%. Interest is repayable annually.

19 Obligations under leases

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

	Group		Company	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Land and buildings				
Operating leases which expire:				
within one year	274	519	-	-
between two and five years	13,121	13,610	3,321	2,852
after more than five years	1,654	1,443	-	-
	15,049	15,572	3,321	2,852
Other				
Operating leases which expire:				
within one year	-	936	-	-
	15,049	16,508	3,321	2,852

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20 Share capital

	2004 US\$000	2003 US\$000
Ordinary shares of £1 each - authorised, issued, called up and fully paid	166	166

The share capital shown in the balance sheets represents 100,000 £1 ordinary shares translated into US dollars at the rates of exchange ruling at the dates the shares were issued.

21 Profit and loss account

	Group US\$000	Company US\$000
At 1 October 2003	119,722	33,620
Retained (loss)/profit for the year	(5,597)	191,246
At 30 September 2004	114,125	224,866

22 Reconciliation of shareholder's funds

	Share capital 2004 US\$000	Capital reserve 2004 US\$000	Profit and loss account 2004 US\$000	Total 2004 US\$000	Total 2003 US\$000
Shareholder's funds at 1 October	166	91,378	119,722	211,266	191,486
Profit for the year	-	-	49,400	49,400	34,080
Dividends	-	-	(54,997)	(54,997)	(14,300)
Shareholder's funds at 30 September	166	91,378	114,125	205,669	211,266

The capital reserve represents the capital contribution arising on the gift to the company of two subsidiary undertakings by the immediate parent company.

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23 Financial commitments and contingent liabilities

At balance sheet date, the company and group had entered into forward exchange contracts to buy/sell the following currencies in US dollars:

	Group US\$000	Company US\$000
British pounds	10,079	10,079
Total	10,079	10,079

All of the above contracts mature within twelve months of the balance sheet date.

At the balance sheet date the group had performance guarantees totalling US\$18,000 outstanding (2003: US \$15,000) issued under the US\$30 million credit facilities from FIBI Bank (UK) plc and Royal Bank of Scotland plc (see note 16).

24 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is European Software Marketing Limited, a company incorporated in Guernsey.

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Amdocs Limited, which is also incorporated in Guernsey and listed on the New York Stock Exchange under the symbol DOX. Copies of its group financial statements, which include the company, are available from The Treasurer and Secretary, Amdocs Limited, Timberlake Corporate Center, 1390 Timberlake Manor Parkway, Chesterfield, MO 63017-6041, USA.