Deloitte & Touche

Deloitte Touche Tohmatsu

Company Registration No. 03140641

BULL HOLDINGS LIMITED

Report and Financial Statements

31 December 1998

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

Deloitte & Touche

Deloitte Touche Tohmatsu

REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

GJ McNeil
G Kennedy
R Petit
R E Guppy
D S Ahluwalia
J Gibson
A Mary

SECRETARY

I Hancock

REGISTERED OFFICE

Computer House
Great West Road
Brentford
Middlesex
TW8 9DH

BANKERS

National Westminster Bank plc
100 Brentford High Street
Brentford
Middlesex
TW8 8A7

AUDITORS

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

Deloitte & Touche

Deloitte Touche Tohmatsu

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The retained loss for the year amounted to £19,063,000 (1997 – loss £14,298,000). The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS

The company's principal activity continues to be that of a holding company for investments in companies involved in selling data processing, business services and systems and in providing maintenance, software, systems integration and other business support services.

PRIVATISATION OF PARENT COMPANY

The ultimate parent company, Bull (formerly Compagnie des Machines Bull), has completed a privatisation process. Details of the current status may be found in note 2 to the accounts.

YEAR 2000

The directors are aware of the impact of the Year 2000 on internal information and communication systems. A review of the company's own use of hardware and software has been conducted and risks were identified. The company has implemented a programme to manage those risks. The overall programme was on schedule at the end of June 1999 with the successful completion of our first set of tests. The programme continues to monitor the Year 2000 situation, and focus for the second half of 1999 is on Business Continuity and Contingency Planning.

The costs directly attributable to this matter have not been specifically identified as they have been charged to Operating Expenses as incurred, or, where applicable, capitalised as part of the group's system modernisation project.

RESEARCH AND DEVELOPMENT

The group continues to invest in the development of new and improved software products as well as industry specific applications and solutions.

DIRECTORS

The following directors held office throughout the year, except as indicated below:

G J McNeil	
B Grisdale	(appointed 27 February 1998, resigned 18 August 1999)
J-L Coppens	(resigned 31 March 1999)
G Kennedy	
R Petit	(appointed 29 July 1998)
R E Guppy	(appointed 1 May 1999)
B Long	(resigned 30 April 1998)
R S Snook	(resigned 27 February 1998)
J R Reboul	(resigned 29 July 1998)
D S Ahluwalia	(appointed 1 April 1999)
J Gibson	(appointed 1 May 1999)
A Mary	(appointed 19 August 1999)

None of the directors had any interests in the ordinary share capital of the company or its subsidiary undertakings at any time during the year.

DIRECTORS' REPORT

DONATIONS

During the year, the group contributed £28,694 to United Kingdom charitable organisations.

No political donations were made.

EMPLOYMENT OF DISABLED PERSONS

The group endeavours to employ disabled persons where the requirements of the job are such that the duties can be effectively covered by a disabled person. Where employees become disabled, the group endeavours to continue to employ them with appropriate support, provided there are duties which can be performed bearing in mind their disability.

The need to develop the careers of our disabled employees is accepted by the group and steps are taken to train and promote disabled employees where this is in their own and the group's best interests.

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the group and are of interest and concern to them as employees.

ANNUAL GENERAL MEETING

On 19 October 1998 the company resolved that no accounts and reports shall, in future, be laid before the company at its General Meeting and that the company shall dispense with the holding of the Annual General Meeting in accordance with sections 252 and 366A of the Companies Act 1985.

AUDITORS

On 19 October 1998 the company resolved to dispense with the appointment of auditors annually in accordance with Section 386 of the Companies Act 1985.

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

I Hancock

Secretary

27 October 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group as at the end of the financial period 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

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AUDITORS' REPORT TO THE MEMBERS OF BULL HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and
Registered Auditors

29 October 1999

Deloitte Touche Tohmatsu

Deloitte & Touche

Deloitte Touche Tohmatsu

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

	Note	1998 £'000	1997 £'000
TURNOVER	4	352,961	365,072
Cost of sales		(288,877)	(303,267)
GROSS PROFIT		64,084	61,805
Other operating expenses	5	(75,352)	(63,727)
OPERATING LOSS	8	(11,268)	(1,922)
Profit on disposal of discontinued operation	9	5,154	-
Net interest payable	7	(5,436)	(5,958)
Amortisation of goodwill	11	(6,744)	(5,718)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(18,294)	(13,598)
Tax (charge)/credit on loss on ordinary activities	10	(929)	217
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(19,223)	(13,381)
Equity minority interests		160	(917)
RETAINED LOSS FOR THE FINANCIAL YEAR	22	(19,063)	(14,298)

A statement of movements on reserves is given in note 22.

All activities are derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1998

	Group 1998 £'000	Group 1997 £'000
Loss for the financial period	(19,063)	(14,298)
Currency translation differences on foreign currency net investments	(446)	(58)
Total recognised gains and losses relating to the year	(19,509)	(14,356)

There have been no movements in shareholders' funds except as shown in the statement of total recognised gains and losses.

BALANCE SHEETS
31 December 1998

	Note	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
FIXED ASSETS					
Intangible assets	11	83,143	88,528	-	-
Tangible assets	12	23,817	32,782	-	-
Investment in subsidiaries	13	-	-	165,861	167,550
Investment	13	561	560	1	-
		107,521	121,870	165,862	167,550
CURRENT ASSETS					
Stocks	14	14,677	13,143	-	-
Debtors	15	95,931	92,707	11	178
Cash at bank and in hand		6,437	29,874	1	236
		117,045	135,724	12	414
CREDITORS: amounts falling due within one year	16	(170,764)	(192,494)	(86,014)	(107,401)
NET CURRENT LIABILITIES		(53,719)	(56,770)	(86,002)	(106,987)
TOTAL ASSETS LESS CURRENT LIABILITIES		53,802	65,100	79,860	60,563
CREDITORS: amounts falling due after more than one year	17	(1,456)	(7,577)	-	-
PROVISIONS FOR LIABILITIES AND CHARGES	19	(1,056)	(1,152)	-	-
MINORITY INTERESTS					
Equity minority interests		(694)	(4,266)	-	-
NET ASSETS		50,596	52,105	79,860	60,563
CAPITAL AND RESERVES					
Called up share capital	21	40,000	40,000	40,000	40,000
Preference share capital	21	45,000	27,000	45,000	27,000
Profit and loss account	22	(33,708)	(14,645)	(5,140)	(6,437)
Foreign currency translation reserve	22	(696)	(250)	-	-
EQUITY SHAREHOLDERS' FUNDS		50,596	52,105	79,860	60,563

These financial statements were approved by the Board of Directors on 27 October 1999.

Signed on behalf of the Board of Directors

D Ahluwalia

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

1. ACCOUNTING POLICIES

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

Accounting basis

The financial statements are prepared on the historical cost basis of accounting.

Basis of consolidation

The consolidated financial statements are based on the financial statements of Bull Holdings Limited and its subsidiaries.

Going concern

In view of the company's net liabilities position, its parent company has given an undertaking to support the company for the foreseeable future and meet any liabilities as and when they fall due.

Research and development

All costs associated with research, engineering and product design are charged against income as incurred. Certain major product developments are capitalised and amortised over their expected useful lives.

Turnover and accounting for revenues

Turnover comprises sales, rental and services revenue net of trade discounts and Value Added Tax.

Revenue recognition generally coincides with the transfer of risk of ownership, usually upon shipment of products to the customer, although legal title sometimes remains with the group until payment has been received. Revenue on certain computer system contracts is not recognised until the system meets the operating capabilities specified in the contract. Revenue in respect of services is recognised periodically as determined by the contract.

Leases

Lease agreements involving the rental of computer equipment to customers are accounted for as operating leases, recognised on a straight line basis over the period of the lease.

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals are charged to the profit and loss account in equal amounts over the lease term.

Contributions to pension plans

Contributions to pension plans and charges to the profit and loss account in respect of pension plans are based upon the recommendations of the group's actuaries (see note 18).

Acquisitions

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off to the profit and loss account over seven years.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

1. **ACCOUNTING POLICIES (continued)**

Intangible fixed assets

The costs of standard application software and related installation costs purchased for internal use are capitalised and amortised over the expected useful life.

Goodwill arising on consolidation, is capitalised and amortised over periods between seven and twenty years.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on the straight-line method at rates calculated to write off the relevant assets over their remaining useful lives.

The annual depreciation rates used for the major categories of assets are as follows:

Buildings on freehold and long leasehold land	2.5% per annum
Leasehold improvements	10% per annum
Plant and machinery	8.3% to 33.3% per annum
Fixtures, fittings, tools and equipment	6.6% to 25% per annum
Leased assets	over the term of the lease

No depreciation is provided in respect of freehold land.

Additional depreciation may be provided to recognise obsolescence.

Investments

Investments held as fixed assets are stated at cost less provisions for permanent diminution in value.

Stocks and contract work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing selling and distribution costs. Work in progress is reduced by provisions for any known or anticipated losses and any related progress payments received on account.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Foreign currency amounts

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

For the purposes of consolidation the closing rate method is used, under which translation gains and losses are shown as a movement on the foreign currency translation reserve.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

2. CHANGE OF NAME OF PARENT COMPANY

On 8 April 1998, the name of the ultimate parent company was changed from "Compagnie des Machines Bull" to "Bull".

3. PROFIT AND LOSS ACCOUNT

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been included in these financial statements. Profit dealt within the accounts of the company is shown in note 22.

4. ANALYSIS OF TURNOVER AND PROFIT BEFORE TAX

The group's turnover and profit before tax originated principally in the UK and the rest of Europe. The directors consider this to be one geographical area. The company operates in a single class of business.

5. OTHER OPERATING EXPENSES

	Group 1998 £'000	Group 1997 £'000
Selling and distribution costs	55,575	45,128
Administrative expenses	18,093	16,617
Other net operating costs	1,684	1,982
	75,352	63,727

6. EMPLOYEES

	Group 1998 No.	Group 1997 No.
Average number of persons employed		
Manufacturing, services and support	1,887	2,027
Sales and marketing	259	291
Administration	266	267
	2,412	2,585
	£'000	**£'000**
Staff costs comprise:		
Wages and salaries	75,637	79,186
Social security costs	6,330	6,963
Other pension costs (see note 18)	4,064	3,367
	86,031	89,516

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

6. EMPLOYEES (continued)

Directors' emoluments

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services was:

	Group 1998 £'000	Group 1997 £'000
Emoluments	667	660
Pensions	74	83
	741	743

The remuneration paid to or receivable by the highest paid director was:

	Group 1998 £'000	Group 1997 £'000
Emoluments	271	212
Pensions	30	40
	301	252

The number of directors to whom retirement benefits are accruing under the following schemes was:

	Group 1998 No.	Group 1997 No.
Money purchase scheme	2	3
Defined benefit schemes	3	3

7. NET INTEREST PAYABLE

	Group 1998 £'000	Group 1997 £'000
Other interest receivable	(452)	(276)
Interest payable on debentures	-	61
Interest payable on finance lease	467	990
Interest payable on bank loans, overdrafts and other loans repayable within five years, not by instalments	5,421	5,183
Net interest payable	5,436	5,958

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

8. OPERATING LOSS

	Group 1998 £'000	Group 1997 £'000
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	6,971	8,358
Assets held under finance leases	523	654
Depreciation of intangible assets:		
Owned assets	1,540	1,518
Assets held under finance leases	498	484
Research and development	1,225	1,380
Auditors' remuneration:		
Audit fees	167	175
Other services	109	103
Operating leases:		
Motor vehicles	8,061	6,780
Land and buildings	4,523	4,576
Lease rentals receivable in the period under operating leases	(109)	(262)

9. EXCEPTIONAL GAIN

Upon the group's sale of its 50% holding in The Chessington Partnership Limited, an exceptional gain of £5.2 million was realised. See note 13.

10. TAX CHARGE/(CREDIT) ON LOSS ON ORDINARY ACTIVITIES

	Group 1998 £'000	Group 1997 £'000
UK corporation tax at 31% (33%):		
Current	557	609
Deferred taxation	(138)	-
Overseas tax	510	355
Adjustment in respect of prior years:		
UK tax	-	(1,087)
Overseas tax	-	(94)
	929	(217)

The 1997 tax credit does not bear a normal relationship to the loss for the period owing to items of expenditure not deductible for tax purposes and timing differences for which no deferred tax has been provided.

Tax is payable in 1998 because there were taxable profits within the consolidated group which were ineligible for group relief.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

11. INTANGIBLE FIXED ASSETS

Group	*Goodwill* £'000	Development expenditure £'000	Software for internal use £'000	Total £'000
Cost				
At 1 January 1998	92,572	3,168	5,227	100,967
Additions	10,320	191	1,063	11,574
Disposals	(8,879)	(2,736)	-	(11,615)
At 31 December 1998	94,013	623	6,290	100,926
Depreciation				
Accumulated depreciation at 1 January 1998	9,269	789	2,381	12,439
Charge for year	6,744	101	1,937	8,782
Charged on disposals	(2,710)	(728)	-	(3,438)
At 31 December 1998	13,303	162	4,318	17,783
Net book value at 31 December 1998	80,710	461	1,972	83,143
Net book value at 31 December 1997	83,303	2,379	2,846	88,528

The net book value of the group's intangible fixed assets includes £1,477,000 in respect of assets held under finance leases and hire purchase contracts. The addition to goodwill of £10 million arises from the acquisition of the 48.86% minority interest in Cara Group by Bull Ireland, and the acquisition of the share capital of Bull Card Systems Ltd.

12. TANGIBLE FIXED ASSETS

Group	Freehold land and building £'000	Buildings *on long* leasehold land £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At 1 January 1998	4,568	3,396	34,749	7,245	49,958
Subsidiaries acquired	-	-	2,304	94	2,398
Additions	-	220	3,487	424	4,131
Disposals	(4,568)	-	(12,484)	(2,955)	(20,007)
At 31 December 1998	-	3,616	28,056	4,808	36,480
Depreciation					
At 1 January 1998	132	390	15,028	1,626	17,176
Charge for the year	88	643	6,064	699	7,494
Disposals	(220)	-	(9,978)	(1,809)	(12,007)
At 31 December 1998	-	1,033	11,114	516	12,663
Net book value					
At 31 December 1998	-	2,583	16,942	4,292	23,817
At 31 December 1997	4,436	3,006	19,721	5,619	32,782

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

12. TANGIBLE FIXED ASSETS (continued)

The net book value of the group's tangible fixed assets includes £1,028,000 (1997 - £5,602,000) in respect of assets held under finance leases and hire purchase contracts.

13. INVESTMENTS HELD AS FIXED ASSETS

Company investments in subsidiary undertakings	**£'000**
Cost	
At 1 January 1998	167,550
Additions	4,861
Disposals	(6,550)
At 31 December 1998	165,861
Net book value at 31 December 1998	165,861

The opening balance (£167,550) is shown restated to recognise the company's cost of investment of £11 million in Bull ND Holdings Limited, which was misclassified as a debit within creditors in the 1997 financial statements.

Other investments	**Group £'000**	**Company £'000**
Cost		
At 1 January 1998	560	-
Additions	1	1
At 31 December 1998	561	1
Net book value at 31 December 1998	561	1

Investment	**Country of registration**	**Proportion of ordinary shares held**
Sheridan Systems Limited	England and Wales	19.9%
Envision Limited	England and Wales	33.3%

Bull Holding Limited owns 33.3% of the ordinary shares of Envision Limited. However, the company only controls one out of six positions on the executive management board, and thus does not exercise significant influence over Envision.

The company's principal subsidiaries are set out below:

		Country of Incorporation/registration	**Proportion of Ordinary shares held**
Bull Information Systems Limited		England and Wales	100%
Bull ND Holdings Limited		England and Wales	100%
Bull Information Systems Ireland	*	Republic of Ireland	89.69%
Bull FinanServices Limited		England and Wales	100%
Cara Group Limited	*	Republic of Ireland	94.96%
Bull Card System Limited		England and Wales	100%
Cara Information Technology Limited		England and Wales	100%

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

13. INVESTMENTS HELD AS FIXED ASSETS (continued)

The principal activity of all subsidiaries, and of the group's investment is the sale of data processing and peripheral equipment and to provide maintenance, software, systems integration and other related services.

*Shares in this company are currently held by Bull ND Holdings Limited.

On 13 October 1998 the Group sold its 50% holding in The Chessington Partnership Limited, giving rise to a gain of £5.2 million.

On 13 March 1998, the company acquired the whole of the share capital of NBS Card Systems Limited for a consideration of £4,861,000. On 2 March 1999 the company's name was changed to Bull Card Systems Limited.

14. STOCKS

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Raw materials and components	956	662	-	-
Work in progress	1,383	4,564	-	-
Finished goods	12,338	7,917	-	-
	14,677	13,143	-	-

15. DEBTORS

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Amounts falling due within one year:				
Trade debtors	66,170	59,108	-	-
Amounts due from subsidiary undertakings	-	-	11	-
Amounts due from fellow subsidiary undertakings	-	18,639	-	-
Amounts due from ultimate parent company	55	3,511	-	-
Other debtors	5,648	2,375	-	-
Prepayments and accrued income	24,058	9,074	-	178
	95,931	92,707	11	178

The comparative figure for trade debtors has been adjusted by £4,226,000 as a result of a reclassification of amounts relating to deferred income (see note 16 below).

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Bank loans and overdraft	35,080	66,993	32,999	55,593
Obligation under finance lease and hire purchase contracts	2,302	2,633	-	-
Trade creditors	27,909	17,079	455	10
Amounts owed to ultimate parent company	20,000	-	20,000	-
Amounts owed to subsidiary undertaking	-	-	32,006	50,588
Amounts owed to fellow subsidiary companies	27,656	40,985	-	-
Corporation tax payable	1,141	1,241	57	-
Other creditors for tax and social security	6,393	11,929	-	-
Other creditors	1,971	150	-	-
Accruals and deferred income	48,312	51,484	497	1,210
	170,764	192,494	86,014	107,401

The comparative figures have been adjusted as follows:

(a) to reclassify the company's cost of investment of £11 million in Bull ND Holdings Limited into investments, where it had previously been included as a debit balance within amounts owed to subsidiary undertakings.

(b) to reclassify an amount owed to affiliated and fellow subsidiary companies of £39,558,000 which had been included within group bank loans at 31 December 1997.

(c) to reduce trade creditors by £8,717,000, and increase accruals and deferred income by £13,369,000 as a result of a reclassification of amounts relating to deferred income.

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

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Bank loans	-	2,708	-	-
Obligations under finance lease and hire purchase contracts	1,456	3,619	-	-
Other creditors	-	1,250	-	-
	1,456	7,577	-	-

The comparative figure for other creditors has been reduced by £426,000 as a result of a reclassification of amounts relating to deferred income (see note 16 above).

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

	Bank loans £'000	Obligations under finance leases and hire purchase contracts £'000	Other creditors £'000	Total £'000
Analysis of repayment of debt:				
Between two and five years	-	1,456	5,391	6,847
After five years	-	-	-	-
	-	1,456	5,391	6,847

18. PENSION COMMITMENTS

The company operates a number of pension schemes. The major schemes, which cover over 96% of scheme members, are of the defined benefit pension scheme type providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in trustee administered funds. The pension costs of the schemes are charged to the profit and loss account of the company so as to spread these costs over employees' working lives with the company. The pension costs are determined by qualified actuaries on the basis of formal actuarial valuations using the projected unit method.

The actuarial valuation assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries, pensions and dividends. For the purpose of assessing the company's contributions to the major schemes it was assumed at the most recent completed actuarial valuations, as at 31 March 1998, that the investment returns would average 8.0% per annum, that general salary increases would average 5.5% per annum, that pensions would increase by 3.25% per annum and that dividends would increase at 4.5% per annum.

The actuarial valuations of the major schemes as at 31 March 1998 showed that the combined market value of the schemes' assets was £218 million and that the actuarial value of those assets represented 111% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuarial surplus of 11% of the accrued liabilities of the schemes is to be carried forward as a contingency against any future adverse events.

	1998 £'000	1997 £'000
Pension charge	4,064	3,367
Pension prepayments	5,882	6,829

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Provisions to meet commitments under property leases	1,056	1026	-	-
Restructuring provision	-	126	-	-
Total provisions	1,056	1,152	-	-
Provisions at 1 January 1998	1,152	1,478	-	-
Subsidiaries acquired		-	-	-
Credited to profit and loss account	26	126	-	-
Applied	(122)	(452)	-	-
Provisions at 31 December 1998	1,056	1,152	-	-

20. DEFERRED TAXATION

	£'000
Movement in the year	
1 January 1998	-
Current year credit	138
Adjustment in respect of acquisition	(34)
31 December 1998	104

£104,000 is included within prepayments and accrued income (note 15).

The amounts provided and unprovided for deferred taxation are:

	Provided £'000	Unprovided £'000
Capital allowances in excess of depreciation	56	667
Trading losses	(149)	-
Pension	-	1,765
Other timing differences	(11)	(2,432)
Deferred tax asset	104	-

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

21. CALLED UP SHARE CAPITAL

	1998 £'000	1997 £'000
Authorised, allotted and fully paid:		
Ordinary shares: 40,000,000 of £1 each	40,000	40,000
Redeemable preference shares: 45,000,000 of £1 each	45,000	27,000

22. STATEMENT OF MOVEMENTS ON RESERVES

	Foreign currency translation reserve		Profit and loss	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January 1998	(250)	-	(14,645)	(6,437)
Retained (loss)/profit for year	-	-	(19,063)	1,297
Foreign currency translation differences	(446)	-	-	-
At 31 December 1998	(696)	-	(33,708)	(5,140)

23. CAPITAL COMMITMENTS

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,100	2,524	-	-
Capital expenditure that has been authorised by the directors but has not yet been contracted for	803	589	-	-

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

24. LEASE COMMITMENTS

The group has annual commitments under non-cancellable operating leases which expire as follows:

	Land and buildings 1998 £'000	Other 1998 £'000	Land and buildings 1997 £'000	Other 1997 £'000
Leases which expire:				
Within one year	1	1,038	59	494
Between two and five years	2,211	2,908	1,511	4,018
After five years	2,190	-	2,643	-
	4,402	3,946	4,213	4,512

Obligations under finance leases and hire purchase contracts:

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Minimum lease payments payable:				
Within one year	2,673	3,031	-	-
Within two to five years	1,511	3,857	-	-
	4,184	6,888	-	-
Finance charges allocated to future periods	(286)	(636)	-	-
	3,898	6,252	-	-

25. CONTINGENT LIABILITIES

Guarantees and commitments given by the group in the normal course of business at 31 December 1998 amount to £25,012,000 (1997 - £1,532,000). The majority of this balance at the year end comprised a performance bond relating to the Envision project (£10 million) and representations and warranties relating to Chessington, sold in the year (£11.5 million).

Subsequent to the year end, a claim was made against the Bull Information Systems Limited for damages in respect of a contract between that company and a third party. The directors are contesting the claim, which is as yet unquantified, and, accordingly, no provision has been made in the accounts.

26. CASHFLOW STATEMENT

The company has taken advantage of the exemption granted by paragraph 5(a) of Financial Reporting Standard 1 not to present a cashflow statement.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

27. **ULTIMATE PARENT COMPANY**

The company's ultimate parent company and controlling entity is Bull (formerly Compagnie des Machines Bull), a company incorporated in France. Copies of that company's accounts can be obtained from Groupe Bull Communications Department, 68 Route de Versailles, 78434 Louveciennes, Cedex, France.

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Bull companies.