Company Registration No. 3140641

BULL HOLDINGS LIMITED

Report and Financial Statements

31 December 1997

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

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REPORT AND FINANCIAL STATEMENTS 1997

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

GJ McNeil
B Grisdale
J-L Coppens
G Kennedy
R Petit

SECRETARY

CAW Meyer

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

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The retained loss for the year amounted to £14,298,000 (1996: £347,000). 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.

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.

DIRECTORS

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

B Long	(resigned 30 April 1998)
G J McNeil	
R S Snook	(resigned 27 February 1998)
B Grisdale	(appointed 27 February 1998)
J-L Coppens	
G Kennedy	
A J Gibson	(resigned 8 April 1997)
R Petit	(appointed 29 July 1998)
J R Reboul	(resigned 29 July 1998)

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.

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' REPORT (continued)

POLICY ON THE PAYMENT OF CREDITORS

The policy that the group follows for the payment of creditors in the current financial year is:

- generally payment is made 60 days after the date of the invoice
- where specific payment terms have been agreed with suppliers, payment is made in accordance with those terms.

Trade creditor days of the group at 31 December 1997, calculated in accordance with the requirements of the Companies Act 1985, were 51 days. This represents the ratio, expressed in days, between the amounts invoiced to the company in the year by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

DONATIONS

During the year, the group contributed £18,520 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.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

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

J-L Coppens
Director

19 October 1998

Deloitte & Touche

Chartered Accountants

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

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AUDITORS' REPORT TO THE MEMBERS OF BULL HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 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 circumstances of the company and the group, 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 1997 and of the loss of the group for the year ended 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

19 October 1998

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1997

	Note	1997 £'000	8 months ended 31/12/96 £'000
TURNOVER	4	365,072	240,929
Cost of sales		(303,267)	(193,367)
GROSS PROFIT		61,805	47,562
Other operating expenses	5	(69,445)	(41,598)
OPERATING (LOSS)/PROFIT		(7,640)	5,964
Net interest payable	7	(5,958)	(3,515)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8	(13,598)	2,449
Tax charge on (loss)/profit on ordinary activities	9	(217)	(2,265)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(13,381)	184
Equity minority interests		(917)	(531)
RETAINED LOSS FOR THE FINANCIAL YEAR	20	(14,298)	(347)

A statement of movements on reserves is given in note 20.

All activities are derived from continued operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1997

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
Loss for the financial period	(14,298)	(347)
Currency translation differences on foreign currency net investments	(58)	(192)
Total recognised gains and losses relating to the year	(14,356)	(539)

BALANCE SHEETS
31 December 1997

	Note	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
FIXED ASSETS					
Intangible assets	10	88,528	94,690	-	-
Tangible assets	11	32,782	38,706	-	-
Investment in subsidiaries	12	-	-	156,550	156,550
Investment	12	560	560	-	-
		121,870	133,956	156,550	156,550
CURRENT ASSETS					
Stocks	13	13,143	13,013	-	-
Debtors	14	88,481	73,487	178	1,583
Cash at bank and in hand		29,874	19,123	236	14
		131,498	105,623	414	1,597
CREDITORS: amounts falling due within one year	15	(187,842)	(182,560)	(96,401)	(121,363)
NET CURRENT LIABILITIES		(56,344)	(76,937)	(95,987)	(119,766)
TOTAL ASSETS LESS CURRENT LIABILITIES		65,526	57,019	60,563	36,784
CREDITORS: amounts falling due after more than one year	16	(8,003)	(12,445)	-	-
PROVISIONS FOR LIABILITIES AND CHARGES	18	(1,152)	(1,478)	-	-
MINORITY INTERESTS					
Equity minority interests		(1,980)	(1,349)	-	-
Non-equity minority interests		(2,286)	(2,286)	-	-
NET ASSETS		52,105	39,461	60,563	36,784
CAPITAL AND RESERVES					
Called up share capital	19	40,000	40,000	40,000	40,000
Preference share capital	19	27,000	-	27,000	-
Profit and loss account	20	(14,645)	(347)	(6,437)	(3,216)
Foreign currency translation reserve	20	(250)	(192)	-	-
EQUITY SHAREHOLDERS' FUNDS		52,105	39,461	60,563	36,784

These financial statements were approved by the Board of Directors on 19 October 1998.

Signed on behalf of the Board of Directors

) Director
J-L Coppens)

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

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.

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, ranging from three to five years.

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 in equal amounts over the lease term.

Contribution to pension plans

The group operates a number of pension schemes. 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. Further details of the group's policy and practice can be found in note 17.

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 1997

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 of the software, ranging from three to five years.

Goodwill arising on consolidation is capitalised and amortised over the useful economic life of the goodwill, ranging from seven to 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 in the balance sheet the closing rate method is used, under which translation gains and losses are shown as a movement on the foreign currency translation reserve and an average rate is used for the profit and loss account.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

2. PRIVATISATION OF BULL (FORMERLY COMPAGNIE DES MACHINES BULL [CMB])

Following the privatisation of Compagnie des Machines Bull, the ultimate parent company, in February 1997, when the French State's direct and indirect ownership was reduced to 49.2%, further issues of shares were made and as at 31 December 1997, the shareholdings in CMB were as follows:

- The French State 17.4%
- France Telecom 17.7%
- Motorola 17.7%
- NEC 17.7%
- DNP 5.5%
- Current and former employees and private investors 24.0%

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 with in the accounts of the company is shown in note 20.

4. ANALYSIS OF TURNOVER AND PROFIT BEFORE TAX

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

5. OTHER OPERATING EXPENSES

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
Selling and distribution costs	45,128	28,683
Administrative expenses	24,317	9,364
	69,445	38,047

Administrative expenses include amortisation of goodwill amounting to £5,718,000 (1996: £3,551,000).

6. EMPLOYEES

	Group 1997 No.	Group 1996 No.
Average number of persons employed		
Manufacturing, services and support	2,027	1,854
Sales and marketing	291	265
Administration	267	249
	2,585	2,368

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

6. EMPLOYEES (continued)

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
Staff costs comprise:		
Wages and salaries	79,186	49,295
Social security costs	6,963	4,816
Other pension costs (see note 17)	3,367	1,806
	89,516	55,917

Directors' emoluments

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

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
Emoluments	660	503
Pensions	83	21
	743	524

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

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
Emoluments	212	217
Pensions	40	6
	252	223

The amount of accrued pension for the highest paid director as at 31 December 1997 was £9,387 (1996: £7,087).

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

	Group 1997 No.	Group 1996 No.
Money purchase scheme	3	-
Defined Benefit schemes	3	3

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

7. NET INTEREST PAYABLE

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
Net interest receivable on advances made to ultimate parent company	-	(26)
Other interest receivable	(276)	(59)
Interest payable on debentures	61	35
Interest payable on finance lease	990	622
Interest payable on bank loans, overdrafts and other loans repayable within five years, not by instalments	5,183	2,943
Net interest payable	5,958	3,515

8. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
(Loss)/Profit on ordinary activities is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
owned assets	8,358	11,314
assets held under finance leases	654	1,032
Depreciation of intangible assets (excluding goodwill):		
owned assets	1,518	666
assets held under finance leases	484	502
Amortisation of goodwill	5,718	3,551
Research and development	1,380	1,283
Auditors' remuneration:		
audit fees	175	114
other services	103	49
Operating leases:		
Motor vehicles	6,780	3,335
Land and buildings	4,576	3,182
Lease rentals receivable in the period under operating leases	(262)	(294)

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

9. TAX CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Group 1997 £'000	Group 8 months ended 31/12/96 £'000
UK corporation tax at 31.5% (33%):		
Current	609	1,873
Overseas tax	355	418
Adjustment in respect of prior years:		
UK tax	(1,087)	48
Overseas tax	(94)	(74)
	(217)	2,265

The 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.

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Development expenditure £'000	Software for internal use £'000	Total £'000
Cost				
At 1 January 1997	92,572	2,534	4,303	99,409
Additions	-	636	924	1,560
Disposals	-	(2)	-	(2)
At 31 December 1997	92,572	3,168	5,227	100,967
Depreciation				
Accumulated depreciation at 1 January 1997	3,551	364	804	4,719
Charge for year	5,718	425	1,577	7,720
At 31 December 1997	9,269	789	2,381	12,439
Net book value at 31 December 1997	83,303	2,379	2,846	88,528
Net book value at 31 December 1996	89,021	2,170	3,499	94,690

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.

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

11. TANGIBLE FIXED ASSETS

Group	Freehold land and building £'000	Buildings on long leasehold land £'000	Leasehold improve-ments £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost						
At 1 January 1997	7,135	3,396	5,743	31,248	3,296	50,818
Subsidiaries acquired						
Additions	566	-	333	6,806	69	7,774
Disposals	(3,133)	-	(624)	(3,305)	(1,572)	(8,634)
At 31 December 1997	4,568	3,396	5,452	34,749	1,793	49,958
Depreciation						
At 1 January 1997	103	128	683	10,931	267	12,112
Charge for the year	79	262	929	6,563	1,179	9,012
Disposals	(50)	-	(477)	(2,466)	(955)	(3,948)
At 31 December 1997	132	390	1,135	15,028	491	17,176
Net book value						
At 31 December 1997	4,436	3,006	4,317	19,721	1,302	32,782
Net book value						
At 31 December 1996	7,032	3,268	5,060	20,317	3,029	38,706

The net book value of the group's tangible fixed assets includes £5,602,000 (1996 - £8,853,000) in respect of assets held under finance leases and hire purchase contracts. Included in freehold land and buildings is land valued at £ 375,000 which is not depreciated.

12. INVESTMENTS HELD AS FIXED ASSETS

	£'000
Group	
Cost and net book value at 1 January 1997 and 31 December 1997	560

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

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

	Shares in subsidiary undertakings £'000
Company	
Cost and net book value at 1 January 1997 and 31 December 1997	156,550

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	100%
Bull FinanServices Limited	England and Wales	100%
Cara Group Limited	Republic of Ireland	51%
The Chessington Partnership Limited	England and Wales	50%

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.

Subsequent to the year end:

- the investment in Cara Group Limited has increased to 100%,
- the investment in Bull Information Systems Ireland has decreased to 89.69%, the balance of shares being held by another Groupe Bull company,
- the Group has acquired 100% of the share capital of the UK subsidiary of NBS Technologies Inc., now re-named NBS Bull Card Systems Limited,
- the Group's 50% holding in The Chessington Partnership Limited has been sold for a price in excess of the book value, giving rise to a gain of £5,300,000.

13. STOCKS

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Raw materials and components	662	1,765	-	-
Work in progress	4,564	4,098	-	-
Finished goods	7,917	7,150	-	-
	13,143	13,013	-	-

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

14. DEBTORS

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Amounts falling due within one year:				
Trade debtors	54,882	55,240	-	-
Amounts due from fellow subsidiary undertakings	18,639	4,553	-	-
Corporation tax repayable	-	-	-	1,583
Amounts due from ultimate parent company	3,511	-	-	-
Other debtors	2,375	1,759	-	-
Prepayments and accrued income	9,074	11,935	178	
	88,481	73,487	178	1,583

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Bank loans and overdraft	106,581	63,413	55,593	42,563
Obligation under finance lease and hire purchase contracts	2,633	2,984	-	-
Trade creditors	25,796	34,216	10	-
Amounts owed to ultimate parent company	-	8,901	-	8,901
Amounts owed to subsidiary undertaking	-	-	39,588	69,711
Amounts owed to affiliated and fellow subsidiary companies	1,397	36,383	-	-
Corporation tax payable	1,241	2,913	-	-
Other creditors for tax and social security	11,929	9,127	-	-
Other creditors	150	-	-	-
Accruals and deferred income	38,115	24,623	1,210	188
	187,842	182,560	96,401	121,363

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

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

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Bank loans	2,708	3,241	-	-
Obligations under finance lease and hire purchase contracts	3,619	7,440	-	-
Other creditors	1,676	1,764	-	-
	8,003	12,445	-	-

	Bank loans £'000		Obligations under finance leases and hire purchase contracts £'000		Other creditors £'000		Total £'000	
	1997	1996	1997	1996	1997	1996	1997	1996
Analysis of repayment of debt:								
Between one and two years	908	1,313	554	3,087	1,676	514	3,138	4,914
Between two and five years	1,800	1,928	3,065	4,353	-	1,250	4,865	7,531
After five years	-	-	-	-	-	-	-	-
	2,708	3,241	3,619	7,440	1,676	1,764	8,003	12,445

17. PENSION COMMITMENTS

The group operates a number of pension schemes. The major schemes, which cover over 85% 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 group in trustee administered funds. The pension costs of the schemes are charged to the profit and loss account of the participating group companies so as to spread these costs over employees' working lives with the group. 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 group's contributions to the major schemes it was assumed at the most recent completed actuarial valuations, as at 31 March 1995, that the investment returns would average 9.0% per annum, that general salary increases would average 6.5% per annum, that pensions would increase by 4% per annum and that dividends would increase at 4.5% per annum.

The actuarial valuations of the major schemes as at 31 March 1995 showed that the combined market value of the schemes' assets was £126 million and that the actuarial value of those assets represented 128.2% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuarial surplus of 28.2% of the accrued liabilities of the schemes is to be eliminated by a reduction in future contributions by the group.

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Pension charge	3,367	1,806	-	-
Pension prepayments	6,829	6,672	-	-

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Provisions to meet commitments under property leases	1,026	1,026	-	-
Restructuring provision	126	452	-	-
Total provisions	1,152	1,478	-	-
Provisions at 1 January 1997	1,478	8,162	-	-
Subsidiaries acquired	-	(1,269)	-	-
Credited to profit and loss account	126	(4,118)	-	-
Applied	(452)	(1,297)	-	-
Provisions at 31 December 1997	1,152	1,478	-	-

19. CALLED UP SHARE CAPITAL

	1997 £'000	1996 £'000
Authorised, allotted and fully paid:		
40,000,000 ordinary shares of £1 each	40,000	40,000
Redeemable preference shares:		
27,000,000 of £1 each	27,000	-

20. STATEMENT OF MOVEMENTS ON RESERVES

	Foreign currency translation reserve		Profit and loss	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January 1997	(192)	-	(347)	(3,216)
Retained loss for year	-	-	(14,298)	(3,221)
Foreign currency translation differences	(58)	-	-	-
At 31 December 1997	(250)	-	(14,645)	(6,437)

21. CAPITAL COMMITMENTS

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,524	470	-	-

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

22. LEASE COMMITMENTS

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

	Land and buildings 1997 £'000	Other 1997 £'000	Land and buildings 1996 £'000	Other 1996 £'000
Leases which expire:				
Within one year	59	494	75	2,480
Between two and five years	1,511	4,018	384	211
After five years	2,643	-	3,891	-
	4,213	4,512	4,350	2,691

Obligations under finance leases and hire purchase contracts:

	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Minimum lease payments payable				
Within one year	3,031	3,733	-	-
Within two to five years	3,857	8,206	-	-
	6,888	11,939	-	-
			-	-
Finance charges allocated to future periods	(636)	(1,515)	-	-
	6,252	10,424	-	-

23. CONTINGENT LIABILITIES

Guarantees given by the group in the normal course of business at 31 December 1997 amount to £1,532,000 (1996 - £2,395,000).

24. 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.

25. RELATED PARTIES

The company's immediate parent undertaking is Bull International S. A., a company incorporated in France. 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.